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Suzuki to Quit  
Amid Struggle  
For Party Helm

By Tracy Dahlby

Washington Post Service

TOKYO — Prime Minister Zenko Suzuki made the surprise announcement Tuesday that he would soon resign.

Mr. Suzuki said he planned to step down as president of the Liberal Democratic Party, a post that carries with it the premiership, amid a heated struggle for the party leadership.

Mr. Suzuki, 71, said in a written statement that he would resign "to sweep away the bad faith and hard feelings" touched off by feuding among key party factions in advance of elections for party president scheduled for Nov. 26.

The announcement stunned political analysts here who had considered Mr. Suzuki the odds-on favorite despite mounting criticism within party ranks of his 27-month-old administration. It sent senior party bosses into a round of hasty negotiations behind the scenes to select a possible successor from among prominent Liberal Democratic Party members. It was not immediately clear, however, how or when a successor would be chosen or when Mr. Suzuki's resignation would take effect.

Mr. Suzuki, who had been expected soon to make his candidacy official, said he decided to step aside to bring "fresh, new leadership" to a badly divided party. According to political analysts here, however, the move may aggravate the bickering as factional party leaders vie to strengthen their clout.

There is little danger of the busi-

ness-oriented, pro-American party losing its grip of the Diet, or parliament, where it commands absolute majorities in both houses. The Liberal Democrats hold 287 of the 511 seats in the lower house, where most key business is done.

Mr. Suzuki has come under blistering attack in recent months by the party's "anti-mainstream" forces, a group of factions that control roughly one-third of the party's strength in the Diet.

While lacking enough votes to challenge Mr. Suzuki's rule, they have castigated him for his alleged inability to prime Japan's bulging government deficits and to help spark recovery of the country's increasingly sluggish economy.

Leading the onslaught have been Toshiro Komoto, 71, and Shintaro Abe, 58, two key economic cabinet ministers, who have been widely regarded as potential front-runners for president of the Liberal Democratic Party. Another "anti-mainstream" leader, Ichiro Nakagawa, who also serves on the Suzuki cabinet, is as yet the only publicly declared candidate.

By ousting a reigning power, Mr. Suzuki has forced the party's mainstream leadership, to which he belongs, to recalculate its own election strategies quickly. The political equation has been complicated, however, by the position of Kakuei Tanaka, a former prime minister who is widely reported to have helped install Mr. Suzuki in office in July 1980.

Mr. Tanaka, who is standing trial for his alleged involvement in the Lockheed bribery scandal,



Prime Minister Zenko Suzuki of Japan leaving his office on Tuesday after it was announced that he would soon step down.

leads the party's largest faction even though he was forced to give up official party membership following his indictment. This powerful political kingmaker has, in the past, favored Yasuhiro Nakasone, 64, who heads the smallest faction in the Liberal Democratic mainstream, as a possible candidate for the party's top job.

Political analysts here say that it is too early to predict whom Mr. Tanaka will throw his weight behind, although some suggest that he may be leaning toward a senior politician more closely aligned with his own faction. Mr. Suzuki, whose faction ranks second to Mr. Tanaka in size, is also expected to have an important say in selecting his successor because of what is widely viewed here as his statesmanlike decision to resign in the best interests of the party.

Analysts have not ruled out the possibility that Takeo Fukuda, who lost the premiership in 1978, might attempt to turn the turmoil to his advantage with a political comeback. At 77, Mr. Fukuda remains a vigorous, shrewd party veteran with a large following in the anti-mainstream camp.

Senior party officials, representing all factional shadings, met Tuesday night to discuss the selection of Mr. Suzuki's successor. If interparty negotiations, which are expected to continue for the rest of the week, go smoothly, a new party boss, and hence prime minister, might be chosen in a matter of

(Continued on Page 2, Col. 2)

Gdansk Clashes Go On;  
Shipyard Is Militarized

Compiled by Our Staff From Dispatches

WARSAW — As police battled Solidarity supporters in the second day of rioting and strikes in Gdansk Tuesday, the Polish authorities announced the militarization of the port's Lenin Shipyard, state television reported.

The television said 148 persons had been detained in Gdansk in protests against the Polish parliament's dissolving of the independent trade union Solidarity Friday.

Militarization of a workplace means that a worker's refusal to work or to follow orders can result in a court martial. After the imposition of martial law in Poland in December, the media, railways, collieries, steelworks and other key industrial plants were militarized by the authorities.

Crowds fought riot police in Gdansk and marched on Communist Party offices Tuesday after thousands of shipyard workers, shouting "Solidarity will win," held their second eight-hour strike to revive the outlawed trade union.

Witnesses said police dispersed about 1,000 persons who had gathered outside the shipyard, then fired tear gas, water cannon and smoke bombs when the crowd regrouped and surged toward the Communist Party headquarters.

Police sealed off the square in front of the shipyard.

The rioting continued at 6:30 P.M. when Western journalists left the area to report from Warsaw. It is the worst street fighting since riots and protest swept Gdansk and other Polish cities Aug. 31, the anniversary of the founding of Solidarity.

A leaflet circulated among workers urged them to repeat the stoppage every day "until Walesa appears in the shipyard." Lech Walesa, Solidarity's leader, has been in detention since December's imposition of martial law. Workers going from the Lenin Shipyard at the 2 P.M. shift change were cheered by about 2,000 onlookers, chanting, "Long live Walesa" and "Bravo workers."

Some workers leaving the shipyard said that they had been dismissed for going on strike and that nearly all workers had joined the strike.

"There is a fighting spirit," one said. "We are holding ourselves up. The older ones don't work, but their attitude is passive agreement."

Witnesses said two workers took blue paint and changed the name of the workplace from "Lenin Shipyard" to "Solidarity Shipyard." Portraits of Mr. Walesa and Pope John Paul II hung over the entrance gates.

Some workers said an underground committee had appealed for a general strike through the Gdynia region.

Jerzy Urban, the government spokesman, said in Warsaw Tuesday that eight shipyards and factories in the area of Gdansk, Gdynia and Sopot had gone on strike Monday and that police had fought with youths and onlookers late into the night.

Journalists reporting from Gdansk drove to nearby cities to avoid a communications blackout in its second day. Szczecin, the northwest Baltic port, which was also cut off, was reported to be calm.

Witnesses said Tuesday that the strike in Gdansk began at 6 A.M. when the first shift arrived and ended at 2 P.M. as had Monday's. A similar protest was reported in Gdynia.

The strikers plan appears to be to halt work by about 10,000 workers on the first shift, allowing the second shift of about 5,000 to 6,000 workers to function normally. (Continued on Page 2, Col. 5)



Youths and supporters of Solidarity ignored police orders to disperse Monday in Gdansk.

Russia Vows  
Full Support  
Of Jaruzelski

The Associated Press

MOSCOW — Defense Minister Dmitry F. Ustinov said Tuesday that Polish "counter-revolutionaries" were "doomed to failure" and pledged the Kremlin's "full support and assistance" to the Polish authorities.

Marshal Ustinov's pledge was contained in a message to General Wojciech Jaruzelski, the highest ranking of the Polish martial-law authorities, on the 39th anniversary of the modern Polish Army. The message was published in the Soviet Army newspaper, Krasnaya Zvezda (Red Star).

Publication of the message coincided with the outbreak of strikes in the northern Polish city of Gdansk. Marshal Ustinov's message, however, made no mention of the latest developments in Poland, and it appeared that the timing of the message was coincidental.

The Soviet media have not reported the latest strikes in Poland, which were held in response to the Polish parliament's vote last Friday to outlaw the independent trade union, Solidarity.

A Western diplomat speculated that Marshal Ustinov's promise of "full support and assistance" to Poland probably referred to political support and did not constitute an implied threat of Soviet intervention of the type that the Kremlin issued several times before the declaration of martial law in Poland last Dec. 13.

Yet, Marshal Ustinov said that Poland, as a member of the Warsaw Pact, could count on Soviet aid.

"Undoubtedly, all the hopes of the internal counter-revolutionaries aimed at the undermining of the basis of socialism in Poland and at weakening the unity and cohesion of the socialist community are doomed to failure," Marshal Ustinov wrote.

"The Polish Peoples' Republic, as a member state of the Warsaw Treaty, can be firmly confident of the full support and assistance from the side of the Soviet Union."

Leading Banks in U.S.  
Cut Prime Rate to 12%

Compiled by Our Staff From Dispatches

NEW YORK — Major U.S. banks reduced their prime lending rates Tuesday by a full percentage point to 12 percent, the lowest level in 25 months, as evidence accumulated that the Federal Reserve had substantially eased credit policy.

The prime rate cut helped briefly to revive New York Stock Exchange prices, which had been battered in early trading as investors took their profits on the recent record advances. Stock prices ended mixed, though the Dow Jones industrial average managed to remain above the 1,000 mark. (See Page 7.)

The bond market extended its rally, with prices on long-term U.S. government securities surging as yields fell below 11 percent for the first time since the summer of 1980. Thirty-year U.S. Treasury bonds rose more than \$40 for each \$1,000 in face value and yields slipped from 11.2 percent late Friday to about 10.75 percent in early trading Tuesday. The government securities markets were closed on Monday for a holiday.

At the White House, President Ronald Reagan hailed the prime rate action. "I was mighty pleased to see another burst of sunshine this morning," he said at a signing ceremony. "I think that's one more confirmation that we're on course here."

Treasury Secretary Donald T. Regan said the 12-percent level was "a pretty good rate" for builders and other businessmen, but he cautioned that the prime rate might not fall much lower for awhile.

The dollar weakened on the news of lower rates and gold prices were little changed.

In London, the dollar closed at 2.4885 Deutsche marks, well below Monday's close of 2.5060 DM. Dealers said the weakening in the dollar since Friday has enabled some of the weaker currencies within the European Monetary System, such as the French franc, to improve. Tuesday the dollar

closed at 7.0375 French francs, compared with 7.0925 Monday.

Morgan Guaranty Trust, Chemical Bank, Bank of America and Manufacturers Hanover were among the institutions that moved to a 12-percent prime.

Just last Thursday, major banks adopted a 13-percent prime rate, and on Friday, Mellon Bank of Pittsburgh cut its prime rate to 12 3/4 percent. Tuesday's action was the first full-point cut since the prime started to fall in mid-July, when it stood at 16 1/2 percent.

The prime last stood at 12 percent on Sept. 12, 1980, a period when it had started to rise and was climbing to a record of 21 1/2 percent, reached in December 1980. The outlook for declines in interest rates brightened last Friday when the Fed cut its discount rate to 9 1/2 percent from 10 percent, the lowest it has set the interest on its loans to banking institutions since November 1978.

On Saturday, Paul Volcker, the Fed chairman, told business leaders that with the economy weak and the U.S. money supply expected to be subjected to erratic swings by technical factors this month, the central bank would tolerate temporary upward movements in the money supply without taking steps that would push rates higher.

## INSIDE

■ Born two years ago amid hopes for democratic rule to black Africa, Zimbabwe is increasingly turning back to the repressive methods of white Rhodesia. Insights, Page 6.

■ The Reagan administration has begun work on the 1984 budget with some projections suggesting the deficit could be nearly \$200 billion if there are no further tax increases or spending cuts. Page 3.

■ Guatemalan soldiers entered a tiny Indian village on July 17 and killed more than 300 inhabitants, survivors reported. Page 3.

Israel and Syria Report  
Bekaa Valley Fighting

United Press International

BEIRUT — Israeli tanks and artillery exchanged fire with Syrian and Palestinian forces Tuesday in Lebanon's Bekaa Valley in the sharpest escalation of fighting in more than two months, official Syrian and Israeli reports said.

In West Beirut, there were no security sweeps by Lebanese soldiers for the first time in eight days. There was no explanation from the army why the operation, in which 496 people have been arrested, was suspended.

President Amin Gemayel made an early-morning impromptu inspection of army posts in Beirut and the suburbs and "expressed his satisfaction with the outcome of the army's operation," a spokesman said.

Prime Minister Shafiq al-Wazzan summoned the military prosecutor to report on the operation, in which huge areas of West Beirut were sealed off while soldiers confiscated hundreds of tons of weapons and detained people who lacked proper documents.

Later, Mr. Gemayel met at the presidential palace with suburban Baabda with Frank C. Carucci, a U.S. deputy defense secretary, Lebanese military leaders and representatives of the U.S., French, and Italian peacekeeping contingents.

An Israeli communiqué reporting the fighting in the eastern Bekaa Valley said that Syrian troops and Palestinian Liberation Organization guerrillas had "sporadically violated the cease-fire by sniping and shooting light weapons and rocket-propelled grenades at a number of Israeli Army positions."

The communiqué said Israeli tanks and artillery returned the fire near the village of Yanta, near

the western slopes of Mount Hermon about 30 miles (48 kilometers) southeast of Beirut. It described the four-hour exchange as the heaviest fighting since large-scale July 22 artillery and air attacks on Syrian and PLO targets in eastern Lebanon.

Syria, in a military communiqué distributed by the state-run news agency SANA, accused Israel of violating the cease-fire in Yanta by opening fire with machine guns and tanks.

Neither the Syrian nor Israeli report mentioned casualties. At the town of Elkhan on the Israeli-occupied West Bank on Tuesday, Defense Minister Ariel Sharon of Israel told more than 1,000 Americans at a United Jewish Appeal gathering that President Ronald Reagan's Middle East peace plan would turn the West Bank into another Lebanon.

Mr. Reagan's peace initiative calls for a freeze on Israeli settlement of the West Bank and Gaza Strip and eventual full autonomy for Palestinians in the West Bank in federation with Jordan.

Mr. Sharon said the proposal would endanger Israel because it would lead to a situation in which the PLO, which remains committed to Israel's elimination, would establish a strong presence on the West Bank.

■ Amman Talks Unproductive  
Robert J. McCartney of The Washington Post reported from Amman.

Kassir Arafat, the PLO chairman, said Tuesday after four days of talks with Jordan's King Hussein that further negotiations are necessary on plans for a possible future Palestinian federation with Jordan.

Jordanian sources had acknowl-



A man supervised by a Lebanese soldier worked to demolish a dwelling Monday in West Beirut's Chatila Palestinian camp.

ed before Mr. Arafat's comments at a press conference Tuesday night that the talks had produced few tangible results. One source familiar with the negotiations said that King Hussein would have to be content for now with a PLO spokesman's statement Monday that the PLO was willing to consider entering a federation with Jordan, but that a Palestinian state must be created first.

Mr. Arafat declined to rule out some form of links between Jordan and a Palestinian entity to be created on the West Bank and Gaza Strip following Israeli withdrawal from those territories in a comprehensive Middle East peace settlement.

■ French Soldier Dies  
Reuters quoted a UN spokesman in Tel Aviv as saying Monday night that a French soldier serving with the United Nations Interim Force in Lebanon had died Saturday in Haifa in northern Israel. He had been wounded while defusing a bomb last month in Lebanon.

## After Seven Years, Normality Begins to Return in Beirut

With Aid of Peacekeepers and Philanthropist, Residents Clear the Rubble for Rebuilding

By David B. Ottaway

Washington Post Service

BEIRUT — A traffic policeman put a parking ticket on a car on Hamra Street, West Beirut's main thoroughfare, one day last week and nobody shot at him or even argued.

That simple scene of everyday city life has not been witnessed in Beirut for years, for the few traffic police who did walk the streets did not dare risk their lives to give tickets.

Police back at work was just one sign of the return of government authority and normalcy to the war-weary capital, where only a few weeks ago militia gangs made and executed their own law.

Battered by three months of steady Israeli bombings and seven years of civil war, West Beirut has made a startling recovery in the past two weeks, as the Israelis have withdrawn and the multinational peacekeeping force has established its presence.

Streets have been cleared of rubble and mountains of uncollected garbage with amazing rapidity. Water and electricity are back on in most West Beirut quarters 24

hours a day. The international airport is bustling again, restaurants and nightclubs are coming back to life, and the Ferris wheel on the oceanfront is turning once again.

The Green Line marking the division between the Moslem western and Christian eastern sectors may still exist in people's minds, but more and more residents are crossing it.

The only way a newcomer would know where the Green Line was is by the abandoned and gutted buildings across the capital's old city center.

At the very center loom the ruins of Martyrs Square, whose sandbagged storefronts on each side served as gun emplacements for Moslem and Christian militiamen for seven years. Residents from both sides now wander through the square on Sunday outings, taking pictures to keep as mementos of the civil war.

Credit for the city's rapid return to normalcy must go partly to the multinational peacekeeping force, which has provided an umbrella under which the government and army have begun an extensive cleanup to rid the capital of arms

depots, unwanted aliens and shams.

If in the process thousands of Lebanese war refugees and squatters are being made homeless and hundreds of Palestinians and other aliens deported or mistreated, most middle- and upper-class Beirut residents, Moslem and Christian alike, could not care less. They feel that the Palestinians and squatters were the cause of much of city's woes during the past seven years.

The presence of U.S., French and Italian troops is only one reason for the city's surprising recovery, however.

Another reason is the donation by a Lebanese businessman, Rafik Hariri, of more than \$7 million to the cleanup. Mr. Hariri's company, Oger-Liban, has provided 300 trucks and bulldozers and 700 workers to haul away rubble and garbage, repave streets and spruce up West Beirut.

Mr. Hariri, a philanthropist from Sidon who made his fortune in Saudi Arabia, has let it be known that he plans to buy 450 containers for garbage to get the

municipal sanitation service working again. West Beirut residents now toss garbage bags into the streets, where eventually they are burned, scattered or picked up.

The clearing of the war rubble is only part of the problem. West Beirut is dotted with tall apartment buildings whose floors have been sheared off by bombs and rockets or have gaping holes. Even so, residents or squatters are often living in them.

There are reported to be 128 buildings of four or more stories in central Beirut that need to be demolished. There are hundreds of others along the Green Line, leaving a monumental housing problem in the western sector. The government has decided to raze hundreds of squatters' dwellings around the airport, thereby adding thousands to the list of homeless.

The country's economy seems to be making a recovery too. The value of the Lebanese pound is already somewhat stronger than its pre-June position against the U.S. dollar. Beirut banks are said to be bulging with liquid assets, amounting to more than \$9 billion in deposits.

There is no clear estimate of the rehabilitation costs nor any indication of where the money will come from. Mohammed Attallah, chairman of the State Council for Development and Reconstruction, has said \$12 billion will be needed just to cover war damages.

Peter McPherson, administrator of the U.S. Agency for International Development, said at a news conference in Beirut Sunday that he thought that far too high an estimate. "Several hundreds of millions of dollars are needed, not billions, to get the infrastructure functioning again," he remarked, but "if you include everyone's home, it quickly becomes billions of dollars." He said his group was providing \$110 million.

Local press reports say that the European Community has pledged more than \$100 million and that the government will try to raise \$500 million in loans from West European banks.

They are pointing out that only \$300 million of a total \$4 billion pledged in aid over five years by the Arab countries in 1979 actually has been handed over to the government.



FALKLANDS REMEMBERED — Private David Gray, left, and Lance Corporal Dennis Connick, members of Britain's 3d Parachute Regiment who were wounded in the war with Argentina over the Falkland Islands, cheered their colleagues Tuesday as they marched through London's financial district. It was Britain's biggest military parade since World War II.







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# Domestic Cuts Likely As \$200-Billion Deficit Is Projected for U.S.

By David Hoffman  
Washington Post Service  
WASHINGTON — The Reagan administration has begun work on the 1984 budget, with some internal projections suggesting the deficit could be nearly \$200 billion in that fiscal year if there are no further tax increases or spending cuts. That is far beyond the \$84 billion

NEWS ANALYSIS  
The deficit estimates are starting points for the budget process; they are guesses as to what the deficit would be without any changes in current policy or law.

They assume the president will not flinch from his proposed \$150-billion military buildup. He has indicated as much, even though Congress in the spring budget resolution, called for some curtailment.

They assume as well that not only will there be no tax increase, but also that the sizable tax cuts already voted by Congress for 1983 and beyond will be allowed to take effect as planned. The president said at his news conference last month that "I don't see the necessity" for additional revenue-raising measures.

The deficit estimates further assume that the economy will not improve dramatically by fiscal 1984. The new chairman of the president's Council of Economic Advisors, Martin S. Feldstein, already is on record as forecasting only slow to moderate growth, and is regarded as most unlikely to let his forecast be altered for political purposes.

The deficit estimates assume, finally, that there will be no cuts in domestic spending programs beyond those already voted by Congress last year and this — but the president has indicated that he will propose additional cuts in this sector to reduce the deficit.

In a sense, the new estimates are thus a measure of how much larger a burden domestic programs must bear. Social Security pensions, the

largest of all domestic spending programs, will be an obvious cost-cutting target for the president and Congress after the elections, when a presidential task force is scheduled to recommend ways to reduce benefits or otherwise shore up the tottering system.

But trimming current benefits is a politically risky course that neither Mr. Reagan nor Congress may be willing to take. Instead, they may decide to move against only future benefits, which would mean little cost-cutting in 1984.

As to other domestic programs, administration planners have spoken hopefully of finding some way to restrain runaway costs of the Medicare program of medical aid to the poor, which are outpacing the inflation rate. But there is doubt on Capitol Hill whether the deficit now envisioned for 1984 can be brought down to an acceptable size with cuts in Medicare and other entitlement programs alone.

The key factor in any 1984 budget outlook is the performance of the economy. Slow economic growth means smaller incomes, lower profits and thus less tax revenue for the government. It can also mean less money for the tax collector. Likewise, a recessionary economy and high unemployment rates increase federal outlays for social programs.

The administration's 1984 economic forecast has not yet been made. Previous administration forecasts have been criticized as too optimistic, and even last summer, top administration officials were keeping their distance from the official forecast of 4.4 percent growth in 1983.

The Congressional Budget Office's latest projections are based on the economy expanding at 3.6 percent in 1983 and 3.7 percent in 1984, and many private and congressional economists think the economy will expand even more slowly. According to the budget office, each 1-percent falloff in growth per year adds \$10 billion to the 1983 deficit and \$23 billion to the 1984 deficit.

There are other factors that may drive deficits upward. Good crops would depress farm prices for corn, wheat and soybeans, thus increasing government outlays for crop storage and support payments.

A senior congressional budget analyst also points out that many weapons systems started in 1983 will blossom into larger military outlays in 1984 and 1985.

And, finally, the pressures created by rising military and entitlement programs will further squeeze other areas of government. "Everything else in the budget will have to stand still," the analyst added. Given all the areas Mr. Reagan has already put off-limits, "I don't see any way out," he added.



President Ronald Reagan arriving at the farm of Texas Representative James M. Collins, left. Mr. Reagan was in Texas to endorse Mr. Collins' campaign to win Lloyd Benson's Senate seat.

## Reagan Cites Rally on Wall Street To Defend His Economic Policies

By Leonard Downie Jr.  
Washington Post Service  
IRVING, Texas — Pointing proudly to Monday's surge in the stock market's Dow Jones index "over the magic 1,000," President Ronald Reagan declared that his economic policies are "beginning to succeed" after what he conceded was a disappointing start.

In a spirited partisan political speech to which he added attacks on House Democratic leaders Thomas P. O'Neill Jr. of Massachusetts and James C. Wright Jr. of Texas, Mr. Reagan exhorted embattled Texas Republicans Monday to "go all out" to help elect a Congress that will pass the rest of his program in the coming two years.

He asked the Republicans at a campaign rally for Representative James M. Collins, the challenger to Democratic Senator Lloyd Benson, to try to recruit "rank-and-file Democrats [who] do not share the bigger-and-bigger-government-is-best philosophy of the Democratic leadership in Washington."

Mr. Reagan argued that that "there's a little hypocrisy" in Mr. Wright's criticism of the proposal for a constitutional amendment requiring a balanced budget, which the House defeated on Oct. 1. He said Mr. Wright "has been one of the prime leaders in increasing the budget."

The president also compared Mr. O'Neill, the House speaker, to the Pac-Man video game. He said he had asked what Pac-Man is, "and somebody told me it was a round thing that gobbles up money. I thought that was Tip O'Neill."

During a brief stop here en route from his California ranch to Washington, Mr. Reagan moved away from his recent emphasis on debating responsibility for rising unemployment to stress what he called his success in reducing inflation, interest rates and taxes, "despite the resistance of Democratic congressional leaders."

It appeared to be a dress rehearsal for the "economic progress report" that aides said Mr. Reagan intends to give in a nationally televised speech Wednesday night. "We have pulled America back from the edge of disaster," Mr. Reagan told several thousand people gathered on a farm owned by the Collins family here, midway between Dallas and Fort Worth.

"Yes, I had hoped we would be further along by now, but make no mistake: We are better off than 20 months ago," he said. "The problems that were destroying America in 1980 are being confronted today, paving the way for recovery."

Unemployment in Texas has risen rapidly to 8.4 percent, the highest since monthly figures were first released here in 1970. Nationally, the rate is 10.1 percent. But Mr. Reagan instead stressed that he has done away with double-digit inflation and created new confidence in the financial community, which he said was evidenced by falling interest rates and a surging stock market.

The president added, "It is tragic that the House leadership resorted to campaign, leaving so much unfinished business behind." He listed inner-city enterprise zones, tuition tax credits, regulatory reform and a crime-fighting package among the unfinished business.

Mr. Reagan also emphasized the Republicans' need to regain the support of Democrats who had voted for him in 1980. Recent national polls have shown, however, that many — if not most — of the Reagan Democrats intend to return to the party fold in November. This could cost the Republican governor, Bill Clements, his job, make it impossible for Mr. Collins to catch Mr. Benson, and ruin Republicans' hopes to increase the number of seats in the state's 24-member delegation in Congress — or even hold on to the five seats they won two years ago.

When David R. Gergen, assistant to the president for communications, made the request for air time last week, NBC first accepted. "It was perfunctory," said Roger Mudd of NBC Nightly News. "My bureau chief said, 'Reagan is going to go on. Can you cover it?' and I said yes."

CBS and ABC were less quick. "Our initial concern is that it is too close to Election Day," said David Burke, vice president and assistant to the president of ABC News. "It seems to be purely political."

Mr. Burke said that the network would make its decision when the White House gave ABC more details on the speech. "If it is for a political purpose, then we won't cover it live," he said. "We will report on it in our news broadcasts. If we decide it is a bona fide news event, we will cover it live and urge our stations to carry it."

CBS also asked for more information. "You have to judge it on the news content, purely and simply," said Jack Smith, the CBS News bureau chief in Washington. "Of course, these things don't happen in a pure environment. Everyone knows there is an election very shortly."

In urging the networks out to carry the president's speech, the Democratic leaders cited July 4, 1978, when the networks declined to televise a prime-time speech by President Jimmy Carter on the ground that it was not newsworthy enough.

**Dry Winds Ease, Aiding Firemen in California Blazes**  
LOS ANGELES — Hot, dry Santa Ana winds eased Monday, greatly aiding firefighters as they worked to extinguish small fires left by the two major blazes that roared through southern California over the weekend.

By Monday evening, the Dayton Canyon fire, which burned 54,000 acres between the mountains above the San Fernando Valley and the Pacific Ocean, was more than 80 percent contained. In Orange County to the south, the Gypsum Canyon blaze, spreading over 16,800 acres, was 90 percent contained, officials said.

The two major fires, and several other smaller blazes, caused an estimated \$20 million damage in Los Angeles, Orange and Ventura counties, officials said.

The Dayton Canyon fire, called by Governor Edmund G. Brown Jr. "the worst fire in the Santa Monica Mountains in 12 years," is being studied closely by Los Angeles County arson investigators. There was no word on the cause of the Orange County fire, but arson investigators were at work there, too.

## Survivors Recount How Soldiers Killed 300 in Guatemalan Village

By Alan Riding  
New York Times Service  
COMITAN, Mexico — Guatemalan soldiers participating in an offensive against rebel forces entered the tiny Guatemalan Indian village of San Francisco on July 17 and killed more than 300 men, women and children, survivors said after taking refuge in Mexico.

One survivor, 57-year-old Mateo Ramos Paiz, said last week that he saw much of the killing and was saved when he was trapped under the corpses of 10 men who had been killed by grenades.

Another villager said he escaped when he and seven other peasants were ordered to bring two cows from nearby fields to be slaughtered to feed the soldiers.

"I was sure we were going to be killed," recalled Andres Paiz Garcia, "and I decided to hide." The seven others returned to the village and were murdered, as were his wife and nine children, he said.

In the refugee camps that crowd Mexico's border with Guatemala, reports of such massacres are common. Most refugees say they fled here after killings by the army in their own or nearby communities. Most seem to have had a relative, friend or acquaintance who died in the violence that has swept the Guatemalan highlands in the past three months.

Amnesty International said Monday that 2,600 Guatemalan peasants, many of them women and children, have been killed since a military coup brought General Efraim Rios Montt to power in March.

The government maintains that the dead were either anti-government guerrillas or killed by the guerrillas.

In the refugee camps, the July 17 attack on San Francisco is now attracting outside attention, not only because of the number of people involved but also because several witnesses escaped.

Mr. Paiz Garcia, 45, said he was in San Francisco when 500 soldiers and six colonels arrived around 11 A.M. on Saturday, July 17. Shortly afterward, he recalled, a helicopter landed and some men were ordered to help unload boxes.

The soldiers then called all the villagers together, putting women and children in the chapel and a nearby house, and gathering the men in a wooden building, known as the *juzgado*, where an auxiliary policeman had his office.

Mr. Paiz Garcia was among those assigned to collect the cows. "I hid about a kilometer away," he said. "They began to kill the poor people at around 3 P.M. That evening I came to Mexico."

Mateo Ramos Paiz was among the men crowded inside the *juzgado*. "The war started first with the women in the house," he said in an interview. "With shooting, with pure lead, they killed the poor women. Afterward they burned the house. They then turned on the chapel. No firing, just machetes and knives. We heard the noise of crying women and children and they said our turn was next."

Mr. Ramos, who was interviewed in the Mexican village where he is hiding for fear of reprisals, said he could see women and children being led from the chapel to nearby houses.

"We saw one little boy of about 7 crying as a soldier pulled him along by the wrist and then ripped open his stomach with a knife," Mr. Ramos said. "Then the women were over and the men began."

He said the men were taken out of the *juzgado* in groups of eight and shot. "We were asking, 'What have we done wrong? Did we steal anything?'" he said.

There were only about 20 men left, he said, when, at about 5 P.M., four men escaped. "I didn't want to leave, to save myself," he said. "My family was all dead. I wanted to die. There were three old men with us. They grabbed them by the chins and cut their throats with machetes. But the machetes were blunt and they cried out."

Rebels Kill 16 Soldiers  
In El Salvador Flare-Up  
United Press International  
SAN SALVADOR — Salvadoran Army commanders have drawn up battle plans to recapture two villages seized by 700 heavily armed guerrillas who have killed 16 soldiers and wounded 14 in a fierce flare-up of the civil war, officials said.

The guerrillas have been in the villages since yesterday and will get them out the way we can," said an official Monday in Chalatenango, 20 miles (32 kilometers) northeast of San Salvador.

The 700 rebels, firing mortars and bazookas, seized the villages of El Jicaral and La Vuelta in the heaviest fighting in three months, a well-placed military source said.

The source said that 10 soldiers and six National Guardsmen were killed in the attacks and that 14 soldiers and National Guardsmen were wounded. He did not give details of civilian or guerrilla casualties.

Guerrilla broadcasts on the rebels' Radio Venceremos claimed that 58 soldiers had been captured along with 80 rifles in the surprise raid.

Military sources also charged that clandestine nighttime supply flights from Nicaragua had increased in the last few days.

**2 Libyan Students Held In Killing in Yugoslavia**  
The Associated Press  
BELGRADE — Two Libyan students have been arrested on suspicion of having fatally stabbed a Yugoslav during a brawl at a dance in the northwestern town of Varazdin, the Vencenje Novosti newspaper reported Tuesday.

It quoted a Varazdin judge as saying the stabbing took place in a fight involving Libyans and local residents at a local dance hall on Friday.

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## Schmidt Says He Has Not Decided If He'll Run for Chancellor Again

United Press International  
BONN — Helmut Schmidt, the former West German chancellor, said Tuesday that he has not yet decided if he would try to regain his post as head of government in March. An aide to the Social Democratic leader said that Mr. Schmidt probably would not run again because of his health.

Mr. Schmidt hedged when asked by a newspaper whether he would lead his party in the March 6 national election promised by Chancellor Helmut Kohl. The former chancellor's party president has unanimously urged him to run again.

"I need time," Mr. Schmidt was quoted as saying in Tuesday's Bildzeitung newspaper. "I will decide in the next six weeks."

But Klaus Boelling, an aide to Mr. Schmidt said that he doubted that he would lead the party in the election campaign despite the wishes of both the right and left wings of the Social Democrats.

Mr. Boelling, who was Mr. Schmidt's government spokesman, said in an account of Mr. Schmidt's last 30 days in office published in the magazine Der Spiegel that he had strongly advised Mr. Schmidt, 63, not to run again because of his health.

Mr. Schmidt, who wears a heart pacemaker, knows that he must slow down, Mr. Boelling said. "The chancellor is exhausted."

Mr. Boelling quoted Mr. Schmidt as saying Sept. 19, "I don't want to go on."

Mr. Boelling also reported that in one of his last acts as chancellor, Mr. Schmidt appealed to the World War II victors to release Rudolf Hess, 89, Hitler's former deputy, from Spandau War Crimes prison.

Mr. Schmidt's appeal was expected to have no effect on the Soviet Union, which has vetoed attempts by the United States, Britain and France to free Hess because of his age and bad health.

**Mauroy Says Austerity Will Last Through '83**  
Reuters  
PARIS — France faces a prolonged period of austerity, and the government will continue to exercise tight control over wages and prices, Prime Minister Pierre Mauroy said in an interview published Tuesday.

Mr. Mauroy told Le Matin, which generally supports the Socialist government, that the administration intends to intervene again if prices increase too quickly when a freeze is lifted at the end of October.

He said that salaries would also be watched. Purchasing power may not return to the level of four months ago — when the freeze was imposed — until late 1983, he said. "It is our duty to prepare our-

selves for a crisis that will last for a long time and which will have consequences for the whole world," he said.

Mr. Mauroy, who is seeking to cut inflation from its current level of around 11 percent and to reduce unemployment, said the government would use an old decree from the days of rationing in 1945 to control prices.

"The year 1983 will effectively be a year of surveillance as far as prices are concerned," he said. "The government will intervene each time if they get out of control."

"Prices have always been controlled in France," Mr. Mauroy told Le Matin. "This liberation, announced as a great victory by our predecessors, was in fact to be one of the main factors in pushing inflation out of control. Price controls were abolished in 1978, but the 1945 decree was not repealed."

He added that corporations would be exempted from price controls if they agreed to respect the government's objectives. These are to reduce inflation to 10 percent this year and 8 percent in 1983.

## Italian Mayor Eludes Gunmen

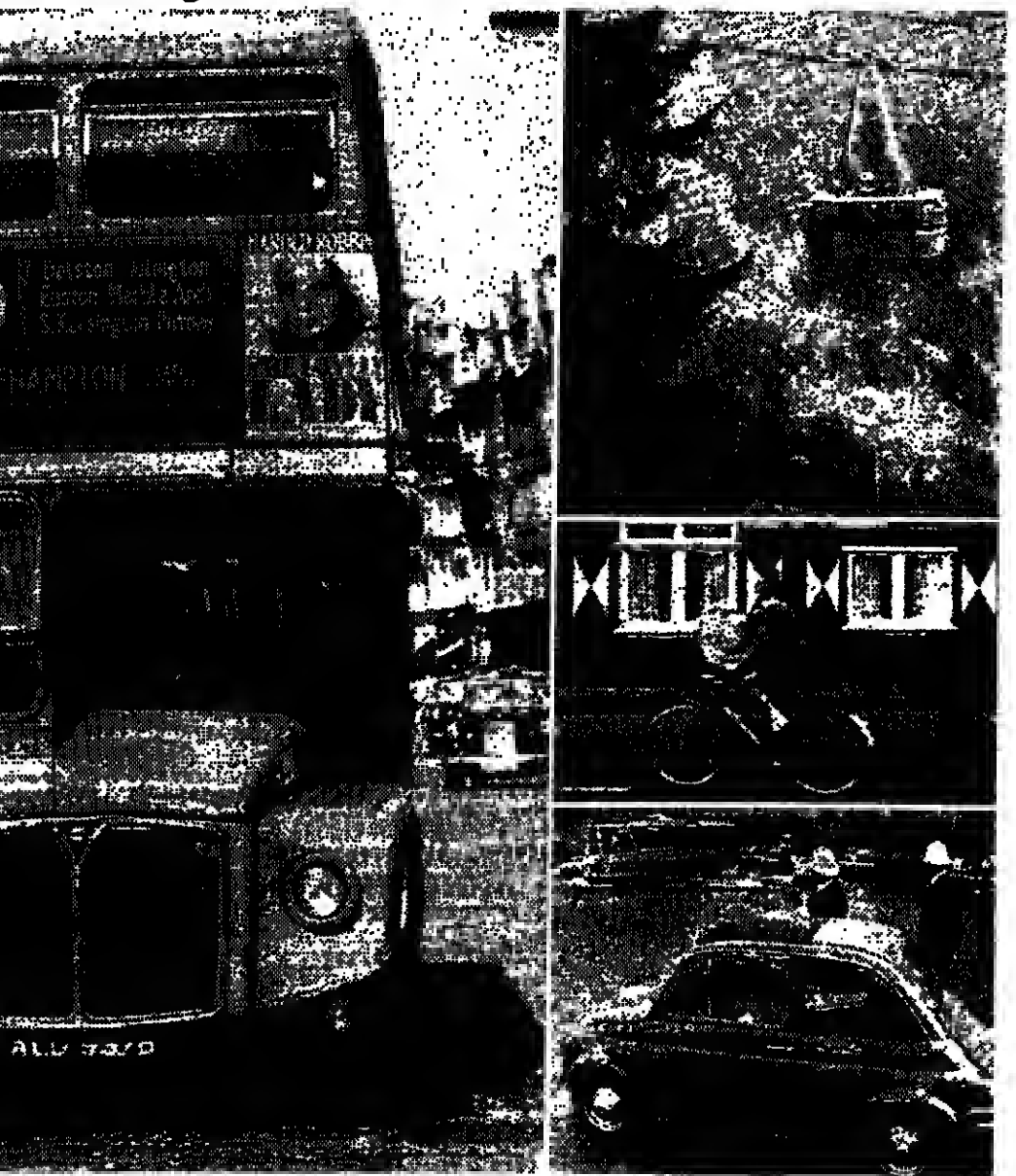
Reuters  
QUINDICI, Italy — Twenty men armed with submachine guns, shotguns and pistols stormed the town hall here in an attempt to kill the mayor, but failed to find him because he was hiding in the attic.

Police said the armed men drove up in four cars Monday and fired shots at the town hall, then combed the building for Mayor Raffaele Graziano. They left without finding the mayor but attacked an employee of the Graziano family in a nearby village.

Police say the attack may have been motivated by revenge. Before Mr. Graziano was elected mayor of the southern town, a Naples court cleared him of the 1972 murder of a man who was accused of killing his brother.

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with dollars, not local currency



# Herald Tribune

Published with The New York Times and The Washington Post

## Solidarity Lives On

"Solidarity is alive!" chant thousands of striking workers at the Lenin shipyards in Gdansk, where Solidarity was born. So much for General Jaruzelski's "normalizing" of Poland with docile, factory-based union substitutes. The coffin is empty and the Communist salarieds confront a resurrection.

Solidarity is kept alive by the forces that created it: abiding discontent with a bankrupt system, a frustrated nationalism and identification with the Catholic Church. Poland will not know social peace until Soviet and Polish Communists come to terms with these indigenous sources of unrest.

When he imposed martial law 10 months ago, Gen. Jaruzelski pretended that Solidarity was only "suspended" and "detained." The general must have reckoned that Poles would weary of crisis and that the rest of the world would lose its fascination with this workers' rebellion in a Soviet-style workers' state.

He guessed wrong about Poland. It is still bankrupt and still boiling with protest.

Only on one count could he claim some success: The Western response has been fainthearted and ill-coordinated.

In an overheard aside, President Reagan

called Solidarity's persecutors "a bunch of lousy bums." But they are also a bunch of bankrupt debtors. They owe the West nearly \$30 billion yet claim to be independent, unaccountable to world opinion and free to disregard even their own socialist norms of conduct. To respond, as Mr. Reagan also did, with another token trade sanction is pathetic. Depriving the dwindling Polish trade of equitable tariffs will affect nothing.

The need for a firmer response should be obvious. The Polish suppression is wrecking the foundations of East-West stability in Europe. Human rights and commercial arrangements alike are being sacrificed to a barren ideology. Yet Western bankers, fearing an accounting crisis, intend to go right on subsidizing these hollow policies.

And timid Western leaders refuse to chase the banks from the diplomatic field. They should be nationalizing the Polish debt and talking tough strategic terms to Moscow and its strapped European confederates.

Although outlawed and hounded, Solidarity and its strikers are still able to synchronize some protest. Solidarity's foreign well-wishers communicate only disarray.

—THE NEW YORK TIMES.

## Anti-Coup in Bolivia

The change of government in Bolivia is best described as an anti-coup. The rapacious military regime, having stripped the government of every asset that it could get its hands on, has now allowed an elected president, Hernán Siles Zuazo, to take office. It remains to be seen how much actual power the generals will allow him. The Bolivian military has been deeply involved in the international traffic in cocaine, and it does not appear that the people engaged in this highly profitable business intend to get out of it voluntarily.

The previous regime having driven the country to the point of insolvency, the elected civilians are left to deal with the debts and the mess. Mr. Siles Zuazo, who has been in exile, returned home on a great wave of pop-

ularity, but popularity usually fades quickly as reality programs take hold.

As in many other Latin American democracies, the generals and colonels have bankrupted the country, in the moral sense as well as in every other. Nor is the ambience promising. Most of Bolivia's neighbors are under military rule, and Argentina in particular has a record of meddling in Bolivia's affairs.

The United States owes the new Bolivian administration its encouragement and, through the International Monetary Fund, a measure of material aid.

—THE WASHINGTON POST.

## Investment Goes West

Consistently for 25 years after World War II the American economy pumped a flow of equity capital out to the rest of the world. It was money representing not only investment but ownership of factories, mines and oil wells. Sometimes foreign countries were uneasy about it for it meant American control of those assets. But it also meant a flow of technology that increased productivity and raised standards of living. Last year that outward investment of American investment suddenly reversed itself. For the first time in a generation, Americans brought home more investment capital than they sent abroad.

The reason for it is probably the strain on the parent corporations at home as the recession goes on. But foreign investors' reaction to similar strains was precisely the opposite. Instead of bringing their American investments home, they have sharply increased the amounts of money they are sending to America. The scale of foreign investments in the country began to rise rapidly in the late 1970s. Last year's total was more than twice as large as any previous year's.

It is a reminder to Americans that, however gloomy they might consider the domestic outlook, America remains the world's idea of a safe haven. Perhaps you wondered whether

this unprecedented tide of foreign investment is all oil money coming from the Middle East. No. Some, but not much, foreign oil money goes into business investments in the United States. The huge flow last year came in significant part from France, where a Socialist government had been elected. It came from Britain, the Netherlands and West Germany. It came from Canada, where business distrust of the Trudeau government was deepening. For the first time there was substantial investment from Japan.

These surges last year violated conventional theory, since the high exchange rate of the dollar made it expensive for foreigners to move their money in. It seems that they were willing to pay a stiff premium for security.

Perhaps the 1981 pattern will persist; perhaps it won't. But the amounts of money are large enough to influence the way the international economy works, and this abrupt break in a long-established trend is an authentic reflection of states of mind around the world. Financial statistics are the most sincere public opinion poll. They suggest that, among people who have or manage capital, pessimism is far more severe in the other industrial countries than in America.

—THE WASHINGTON POST.

## Other Opinion

### A New Version of the WPA

Traditionally America has relied on a stubbornly individualistic approach to the problem of unemployment. There is little or no coordination or coherent sense of purpose. Government provides cushions and stopgaps, industry hires and fires with the flow and ebb of the business cycle, and labor scrambles to get—and hold on—to whatever it can.

That is no longer enough. The profound changes at work in the job market require a new era of cooperation among all sectors of society, a rigorous attention to preventing the economic and human pain of sweeping dislocation. Any effective agenda for putting America back to work and keeping it there will demand sacrifices on many fronts and action on a wide range of nagging problems.

There is one kind of investment that only the government can handle: the massive American infrastructure of highways, bridges, sewers, ports and dams that support the nation's commerce. And it is one area in which the government can actually create jobs. After decades of neglect, the infrastructure needs hundreds of billions of dollars in repairs, and failing to address them would cost the economy considerably more. The notion of putting some of the nation's 11 million unemployed to work in a new version of

Franklin Delano Roosevelt's Works Progress Administration—and in the process giving them real skills that would be transferable to the private sector—in nearly irresistible.

—Newsweek.

### Perplexity in Spain

It would be absurd not to recognize the widespread public perplexity over the sketchy and confused news being published about the latest attempted coup d'état. An objective reconstruction of the facts leads us to believe that the conspiracy was the most serious of any mounted until now. A broad, hard-line conspiracy was in preparation against the government, probably hatched in the cells of men previously imprisoned for military rebellion. The danger in granting such lenient treatment to those prisoners could not have been unknown to the government.

And we certainly do not imagine that the government believes that with the detention of these leaders and the unraveling of their plans the nuclei of the conspiracy have been shattered. So what we must now ask ourselves is whether our faith should continue to be blind, or whether we Spaniards have the right to be informed of our own dangers and to defend ourselves from them.

—El País (Madrid).

## OCT. 13: FROM OUR PAGES 75 AND 50 YEARS AGO

### 1907: Austrian Emperor III

PARIS — Today's editorial in the Herald reads: "Throughout Europe — indeed, throughout the civilized world — the indignation of the Emperor of Austria is keenly regretted. The veneration with which the aged Emperor-King is universally regarded is the highest tribute that could be paid to his personal qualities and public merits. It is thanks to the conscientious view he has taken of his duties as a sovereign and to his clear conception of all public questions and the firmness with which he deals with them that Austro-Hungary is in a position to face the future with confidence."

### 1932: New York Needs Loan

NEW YORK — For the second time within a year New York City is faced with insolvency as the result of the failure of the administration to carry out drastic economies demanded by bankers when they advanced a large loan some months ago. Only \$16 million of city funds is available to meet all expenses until Dec. 10, when the next tax payments are due. Recently the government was forced to borrow \$10 million to pay salaries and meet current expenses, and unless another large loan is negotiated the present balance will be insufficient to meet expenses for the next two months.

# Yes, the Soviet Giant Is Sick

By Daniel Greenberg

WASHINGTON Picture a country unable to feed itself, dependent on itself to keep up with modern science, and in a grisly decline in the vital measures of infant mortality and survival of the elderly. Only one country matches that dismal profile: the Soviet Union, militarily mighty to a fearsome extent, but also internally ill to an extent that rarely receives sufficient attention in the West.

Nasty northern latitudes are conveniently blamed for the debacle of Soviet agriculture. But incredible mismanagement at the national level, rather than poor weather, has wrecked the productivity of Soviet farmland, according to an authoritative new study of Soviet grain production by Lester R. Brown, an agricultural economist who heads the Worldwatch Institute, a private think tank based in Washington.

The Worldwatch study points out that the Soviet Union, which was long an exporter of grain, has now blundered into its fourth successive serious grain shortage. With a shortfall of 46 million tons this year, Mr. Brown reports, the Soviet Union faces major annual grain deficits well into the future.

At the heart of their difficulties, he writes, is rigid planning that makes the worst of relatively unfavorable climatic conditions. Although the Soviets spend heavily on efforts to boost productivity, Mr. Brown reports, they persist in trying to plan for the unpredictable, such as local weather conditions and shifting pesticide requirements.

In the mid-1950s the United States and the Soviet Union were quite close in grain production; since the mid-1970s Soviet production has declined and America last year outproduced it in grain by 331 million to 165 million tons.

In science, which Soviet ideology traditionally hails as the foundation of the modern industrial state, the Soviets have long relied on Western laboratories to lead the way to new knowledge. Although they spend heavily on research and put great stress on training scientists and engineers, the Soviets excel only in those fields that require heavy construction and long-range planning, such as space, nuclear power and atom smashing. Otherwise they are astonishingly backward, especially in the new and delicate electronic and genetic sciences that are keystones of advanced industrial prowess.

The curse on their system, openly acknowledged by westward-looking Soviet researchers, is centralized planning compounded by excessive

secrecy, plus, in biology, the lingering effects of Stalin's decrees on ideologically acceptable science.

To help make up for their science and technology deficit, the Soviets have resorted to purchase and espionage. But in a newly issued assessment of Soviet spying on American science, an expert committee of the U.S. National Academy of Sciences has expressed doubt about the Soviets' ability to exploit their acquisitions of foreign science for military purposes.

There is no doubt that they are collecting a lot of material, said the committee, but it may not flow readily to Soviet military designers because of the highly secretive and compartmentalized nature of Soviet military research and the development and procurement process. In seeking to dampen the flow, the Academy experts warned, let us not emulate the mindless security procedures that have helped to make the Soviets scientific beggars.

For assessing the basic physical qualities of a society — nutrition, housing, environmental safety and health care — the ultimate reckoning shows up in vital statistics for

infant mortality and life expectancy. In the early 1970s, alone among industrialized countries, the Soviet Union began a deterioration. Between 1971 and 1976, for example, infant mortality increased from 22.9 to more than 30 deaths per 1,000 live births — double the U.S. rate. Similar shifts occurred in other measures of health. Thereupon the Soviets, again alone among modern nations, simply stopped publishing the embarrassing vital statistics.

Why should one of the world's two great space and nuclear powers be losing its ground in the survival of its infants and old people? Hints gleaned from Soviet public health journals and other sources point to poor nutrition, alcoholism, environmental pollution, a backward pharmaceutical and infant-formula industry, and overstaffed but under-equipped health services.

It is true to say that, well, after all, we know the Russians aren't 10 feet tall. Of course they aren't, nor were they ever. The next step in coming to terms with reality may be a recognition that the Soviet military brain rests on a sick society.

The writer is editor and publisher of an independent newsletter, *Science and Government Report*.



I don't care what Americans think of us — as long as they feed us.

## But Can Dr. Reagan's Stand-Off Therapy Work?

By Stephen S. Rosenfeld

WASHINGTON — From the National Security Council comes a speech on "The Soviet Union in Crisis" that spells out what appears to be tantalizing Ronald Reagan about the world scene.

It is the Washington swan song of Richard Pipes, the NSC's Soviet specialist, who heads back to Harvard soon. Cleared and vetted by Mr. Reagan's national security adviser, William P. Clark, the speech was delivered in West Germany last week.

What tantalizes Mr. Reagan is the notion that the Soviet Union is in the grip of a multi-faceted systemic crisis, one evident not only in the usual economic and social indicators but also in Moscow's inability to deliver on its numerous strategic and economic commitments. (That is the reason the Kremlin has been passive in Lebanon, Mr. Pipes suggests.)

What is Moscow's way out? A violent collapse of the Soviet regime is unlikely, Mr. Pipes judges. A reversion to Stalinism is unrealistic. A more rational option is liberal economic reform on the Hungarian model of "goulash communism."

The Hungarian model is designed to increase productivity by the offering of incentives, while keeping the Communist Party's domination intact. The Soviet Union's dynamic and illegal "second economy" is taking the country that way.

Liberal reform could produce a turn inward, away from expansionism and toward domestic concerns, Mr. Pipes argues. But at this point he attacks the pro-detente approach, which he presents as holding that Soviet reform can best be encouraged "by making life easier for the Soviet authorities — by showering them and their clients with cheap credits, by enabling them, again on credit, to earn large sums of hard currency, by limiting one's reactions to their global ventures to verbal chastisement, and by responding to the Soviet military challenges with a minimal deterrent."

Mr. Pipes goes on: "Now no responsible persons can have any illusions that it is in the power of the

West to alter the Soviet system or to 'bring the Soviet economy to its knees.' These are spurious objectives. What one can and ought to strive for is compelling the Soviet regime to bear the consequences of its own priorities.

"We should not make it easier for the [ruling apparatus] to have its cake and eat it — to maintain an inefficient system ... and build up an aggressive military force and expand globally. Any attempt to help the Soviet Union out of its economic predicament both eases the pressure for internal reform and reduces the need for global retrenchment."

So, he concludes, shut down the Soviet natural gas pipeline.

There is logic to Mr. Pipes' thesis. Why should the West make it easier for the Kremlin to compete with it? But this is logic in a political vacuum. It disregards the difficulties of bringing along the European allies, whose total annual trade with the Soviet bloc is something like a dozen times America's and whose

politics are not rigged to allow any European government, even if it were so minded, to apply a Reagan-like squeeze. (Let us leave aside, for considerations of decency, the giant U.S. grain sales to Moscow on which the Soviet Union cannot help but pay.)

Mr. Pipes' line, seconded strongly in the Pentagon, is dominant in the White House today. It explains why the United States has an East-West policy that is convulsing the allies and giving the Soviets a free ride toward their traditional goal of halting Europe's Atlantic ties.

All this means, moreover, that the truly vital question of Atlantic policy is coming due in 1983 — will the Europeans stick to their policy to install new missiles if arms control talks stall? — will have to be treated in the worst possible conditions of an atmosphere heavy with the European reaction to Mr. Reagan's pipeline policy.

One sees from Mr. Pipes' tone where President Reagan is coming from on the pipeline issue. But where is he going?

The Washington Post.

## When Debate Beams Clearly To Deaf Ears

By David S. Broder

SAN FRANCISCO — For one hour last Wednesday evening two contestants in the race for a United States Senate seat debated, with due seriousness, the questions of strategic arms control, NATO forces, trade relations, immigration, Middle East policy and human rights.

The forum had been arranged by the League of Women Voters for California's Gov. Jerry Brown and his Republican opponent, San Diego Mayor Pete Gilson. The debate was remarkably devoid of verbal tricks and cheap shots. Both men had prepared well and both spoke with clarity and occasional eloquence.

It was a welcome change from the pattern of a campaign which, like many others this year, had been dominated by 30-second television spots aimed mainly at denigrating the adversary's character and competence. The only trouble was that if you did not happen to be within range of a San Francisco television station you had difficulty seeing it.

The debate was carried live by two local stations, but in the great Los Angeles television area where 40 percent of the state's voters live it was available only on the UHF public television outlet, and there with a two-hour delay. The commercial stations in Los Angeles — and in most other cities — declined to make room for the debate on their schedules.

What the broadcasters are saying, in essence, is that their normal commercial fare is more important than the exposure of their huge audiences to the views of the men whose policies may decide the ratification of future nuclear arms treaties or the shape of future military budgets.

This is not a paradoxical statement. The three main Los Angeles channels are owned by the national networks, and their management decisions reflect endemic values in that industry. Complaints of lack of television coverage of the campaign have been heard in many states this year.

## Again, the Old American Recoil From Europe

By William Pfaff

CHARLESTON, West Virginia — Hostility toward Western Europe is growing among an American public upset by Europe's commitment to the Soviet pipeline, by economic competition from Europe and by what too often is seen as Europe's unwillingness to defend itself.

Never mind that each of these indictments is partial or simply wrong due to ignorance. What counts is what people think, and these are the things a great many Americans are thinking.

They do so not only in the small cities of the country but also in New York boardrooms and in Washington. These sentiments can be found expressed by columnists in papers like The New York Times and can be heard in broadcast commentaries. They are, of course, the commonplaces of the neo-conservative magazines and think tanks.

It is said that since the Europeans won't defend themselves, why should America do it? It is said that one reason why the U.S. economy is troubled and its exports fare badly against European and Japanese competition is that the United States spends more on defense than Europe or Japan — on forces meant to defend Europe and Japan.

These Americans ask why U.S. technology should be appropriated by European companies to give the Soviet Union a new natural gas pipeline network, fueling Soviet industry as well as earning hard currency for the Soviet Union abroad.

One can try to answer that this all grotesquely oversimplifies what really is going on in Western Europe, vastly underestimates the real European contribution to Western defense, ignores the un-

derlying cause of the U.S.-European split on the pipeline issue and the reasons why many Europeans have come to distrust the United States.

But it is all but impossible to shake the conviction of a growing number of Americans that the United States, somehow, is being victimized by those same Europeans whom the American people, over the years, have sent their sons to defend.

The mood is resentment. It is wry rather than bitter, but it is dismissive of Europe.

Does this change of opinion in the United States change U.S. foreign policy? The simple answer is: not yet. First of all, people overestimate the ease with which trans-Atlantic ties could be cut. Those ties actually are tough and dense. The two sides depend on one another. The idea that Europe doesn't really mean much to American economic well-being, and that its security is irrelevant to America's, will not bear serious examination.

The notion that the United States can turn to Asia and Latin America for equivalent markets overlooks the fact that industrial states trade most profitably with the other industrial societies.

An advocate of such a shift, Ronald Naim, wrote last year in The Wall Street Journal: "There is East Asia, so vast in its potential as to stagger the imagination. There is also the Pacific rim of South America and beyond that South Asia and Africa. When we measure the near-optimized markets of Europe and its 250 million persons against the 1.5 billion to 2 billion people of the Pacific

Basin alone, Europe seems a puny affair." And indeed it does — except that nearly all the people in East and South Asia, South America and Africa are poor, indifferent to what the United States produces (except perhaps its food) and unfortunately likely to remain so for a very long time.

But it must also be said that an American withdrawal from Europe, to a background of resentment and relief, is consistent with a deep, historically grounded, American distrust of Europe and of Europeans — an old American impulse to distance the country from Western Europe.

The isolationism of the 1920s and 1930s is only a memory now, and usually an imperfect one. It ordinarily is thought to have been a right-wing phenomenon, an affair of Midwestern Republicans, but until Pearl Harbor there were nearly as many liberal isolationists as conservative ones.

Today's "unilateralists," as the advocates of an American break with Europe are coming to be called, are the direct descendants of the old isolationists, complete to their elders' paradoxical taste for involvement in Asia. There really is nothing surprising in isolationism's return. It is in the American grain to stand apart from Europe.

That is the direction in which America is moving. The question is whether the movement will be moderated and intelligently guided by Europeans as well as American leaders, or whether there will be drift, uncontrolled — followed by a crash that hurts everyone on both sides of the Atlantic.

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## A Case for Withdrawing Most U.S. Forces From Europe

By Jeffrey Record and Robert J. Hanks

WASHINGTON — The time has come for the United States to begin withdrawing most of its ground forces from Europe and to adopt a global strategy based on sea power.

Such a course is dictated by two developments: the steady political weakening of the North Atlantic Treaty Organization as an instrument for mustering an adequate defense of Western Europe, and the emergence of a host of new threats to vital U.S. security interests in Southwest Asia and other areas outside Europe where the United States does not enjoy politically secure military access forces.

These developments require a basic reappraisal of the wisdom of continuing to allocate the bulk of U.S. ground forces to Europe.

Current strategic and international political conditions are a far cry from those that governed the world when NATO was founded in 1949.

Then the United States possessed a virtual monopoly of nuclear weapons. Europe was the most likely locus of overt Soviet aggression, and the deployment of large U.S. ground forces there was deemed a necessary though temporary means of providing a shield behind which the prostrate allies could recover from World War II.

Today America no longer enjoys nuclear superiority, much less a monopoly, and Europe is no longer the most likely arena of overt Soviet aggression. Furthermore, the NATO allies are more than capable of assuming full responsibility for their own defense on the ground.

Despite this transformation in the global strategic environment, many of America's allies steadfastly refuse

to fulfill their responsibilities to their own defense or to the defense of common interests outside Europe. As in 1949, they continue to look to America to shoulder a disproportionate share of the burden for their protection. The situation begs for change.

The fault cannot be ascribed wholly to the Europeans. The foremost mistake of the United States since signing the North Atlantic Treaty has been its failure to insist that the primary responsibility for Western European security rests with the Europeans.

The prospect increases every year that an angry Congress may force an abrupt withdrawal of U.S. troops. Such a step could push the NATO allies into further accommodation with the Soviet Union. This would serve neither their security interests nor those of the United States.

On the other hand, 35 years of entreaties by Washington have failed to elicit from these same allies adequate efforts to provide a credible defense of Western Europe. It is time for Washington to adopt a different approach to collective defense.

The United States should let the Europeans know that it intends, over the next 10 to 15 years, to withdraw all U.S. ground forces from the European continent other than those assigned with NATO's theater nuclear forces. The retention in Europe of existing U.S. tactical air and theater nuclear forces — to which 60,000 personnel are assigned in West Germany alone — would make it impossible for the Soviet Union to avoid early and heavy combat with Americans in the event of war. This defeats the argument that a withdrawal of U.S. ground forces would be tantamount to an abdication of America's commitment to European defense.

In sum, the United States would be abandoning neither its membership in NATO nor its commitment to Europe's defense. Only the character of that commitment would be altered.

America's comparative military advantage has always resided in naval and air power. (The continental military traditions of Germany are still reflected in its primary focus on land warfare and in its army's superb

weaponry.) In place of the Pentagon's current plans for a possible land war in Central Europe, U.S. strategy would be shifted to fashioning a smaller, more agile army designed to react rapidly to crisis situations in the Third World, where vital Western interests are far more immediately threatened than they are in Europe.

A reduction in the size of the army would make resources available for badly needed expansion of naval, marine and tactical air forces.

By gradually shifting to a predominantly maritime strategy, Washington would offer its allies time and opportunity to construct a meaningful ground defense of Western Europe — one backed by American air, naval and nuclear power. Such an approach would also serve as a powerful hedge against the trans-Atlantic confrontation that would surely attend any abrupt congressional withdrawal of all U.S. forces from Europe.

The writers are senior analysts at the Institute for Foreign Policy Analysis and co-authors of "U.S. Strategy at the Crossroads: Two Views," recently published by the institute.

## LETTERS TO THE EDITOR

### Heeding Kennan

Regarding "Ex-Emoy Urges U.S. to End Its Economic Battle Against Russia" (HT, Oct. 11):

George Kennan's appeal in Frankfurt for an end to President Reagan's "primitive, simplified and misleading" attempt to prevent or set back the entire development of another people hit the nail on the head. The whole of history shows that there is no better way to push a people to desperate military adventurism and that the road to peace lies through the development of multiple economic, cultural and political ties.

An increasing number of well-informed people are coming to believe

that Mr. Reagan and associates do not really want peace.

When they pretend they are only trying to catch up with Russian armaments, one may ask with whom their groupies were trying to catch up in the decades after 1945 when Russia was trailing behind. The real crisis is the faceless men of big money behind the arms industry.

A.S. Mac ECHOCHAID.  
Paris.

themselves with George F. Kennan's comments in his memoirs: "Experience had convinced us that far more could be learned by careful, scholarly analysis of information, legitimately available concerning any great nation than by the fanciful arrangements of clandestine intelligence."

Mr. Reagan would also do well to reconsider his opposition to the pipeline. Surely it is better for West Europeans to burn Siberian gas — that is, someone else's — than to use up their own scarce resources prematurely. As has been pointed out, Mr. Reagan can get the foreign exchange back in payment in grain deals.

I.F.T. SPENCER.  
London.

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ARTS / LEISURE

# Liza Minnelli in the Transvaal

By Joseph Lelyveld  
New York Times Service

SUN CITY, Bophuthatswana — Liza Minnelli had them streaming by the thousands last weekend to this nominally independent tribal "homeland" in the parched and scrubby reaches of the northern Transvaal.

For the most part, it wasn't the Bophuthatswana — blacks of Tswana tribal origins, now formally classified as foreigners inside the surrounding white-ruled Republic of South Africa — who were lured in convoys of Mercedes and other luxury sedans to Sun City, an inconspicuously lavish casino resort where Minnelli is booked to do 11 shows in 10 days in a "Super Bowl" that seats 6,000.

They were whites, mostly from Johannesburg, for whom a round-trip drive of five hours and tickets costing \$45 or \$36 each — as much as the monthly wage of many Bophuthatswana — are a negligible price to pay for a chance to pierce the curtain of isolation and see the famous singer. Minnelli, 34, is the 23rd big-name star to face the challenge of filling the huge auditorium. Shirley Bassey and Olivia Newton-John, both came close. Glen Campbell and Ann-Margret found themselves performing to hundreds — and more than 3,000 empty seats — on weekday nights.

The Osmonds and the Beach Boys, Paul Anka and Cher are among the others who have joined the lucrative procession to Bophuthatswana — a gaudy puzzle of a state scattered in seven pieces across three South African provinces.

Minnelli drew the kind of crowd that the casino's operators like to see: well-heeled and mostly middle-aged, the kind of people who will play roulette and blackjack as well as the slot machines and eat in the resort's pricier restaurants as well as its fast-food outlets; the kind of people, that is, who might willingly part with \$200 or \$300 on a night's outing.

The rest of the blacks were high

up at the top of the auditorium in seats that are sold for \$13.20 when they can be bought. Southern Sun, the hotel chain that runs the resort, acknowledged that some of them had been given away. This touch of affirmative action may sometimes be needed to insure that there are any blacks in the Super Bowl's audience. Sun City is earnestly multiracial in its hiring and training programs and in the management of its facilities, practicing only an economic segregation that is hardly restricted to southern Africa. At the same time, it promises its performers that they will be playing to mixed audiences.

"I don't mind about anything except that I'm playing in front of mixed audiences," Minnelli was able to reply when she was challenged with a political question at a Johannesburg news conference. A member of her entourage said she knew nothing about the tribal homelands such as Bophuthatswana or their place in the South African system of migrant labor. "She's just doing a gig," he said.

The paradox is that the audience could be far more multiracial if a star like Minnelli consented to perform in Johannesburg, but such is the stigma against performing in South Africa that the stars who are tempted by the kind of money that Southern Sun is ready to pay are relieved to bear that Bophuthatswana is someplace else.

The fact that many blacks reject this idea, insisting that the whole of South Africa is their country, is then dismissed by their touring managers and spokesmen as a local subtlety that a busy entertainer could hardly be expected to understand.

Certainly it was a subtlety that was on no one's mind in the Super Bowl Friday night when Minnelli opened her show by stepping into a spotlight at the top of a flight of steps, her facial expression doing its characteristic flicker between vulnerable and beguiling.

She was onstage for more than an hour and a half and gave of herself unstintingly every minute that she was there. It is also a window on the world.

mentioning South Africa or Bophuthatswana or Sun City. Instead, she led them into bers, getting a response when she mentioned Broadway musicals like "The Act," which vanished years ago.

"They didn't just recognize the songs," Minnelli exclaimed later in her dressing room, "they knew all the introductions!"

Only once was there a reference that might have seemed to have local connotations. The final number was from "Cabaret," the musical based on Christopher Isherwood's Berlin stories, and, in her Sally Bowles character, Minnelli was suddenly heard to be talking about a "political fuss" that would "all blow over." Her Berlin, she was saying, was "exciting and divinely decadent."

Brecht and Isherwood are favorites of small theater groups in South Africa that seem to think that they are making a relevant political comment by performing plays traceable to the Germany of 1930 or so. But Minnelli obviously intended no double entendre, and none seemed to have been heard.

Minnelli will romp off the Super Bowl stage for the last time next Sunday. Then the Johannesburg high-rollers will have to wait a while for the next big act. Dolly Parton isn't due to hit Bophuthatswana until Dec. 3.



Entertainer Minnelli: Just doing a gig.

# Jean Yanne Parodies Hollywood Bible Epics

By Thomas Quinn Curtis  
International Herald Tribune

PARIS — Jean Yanne is a Gallic cousin of Ken Russell, Mel Brooks and Monty Python. Out to demystify history and august personages, he sends up Caesar, Cleopatra and the Roman Empire in "Dix-neuf heures le quart avant Jésus-Christ," a bawdy parody of Hollywood's costumed epics.

As theatrical travesty was introduced by Aristophanes, circa 425 B.C., the Yanne scheme is scarcely an innovation, but it still works. His film drew a big gross during its initial week in France this year.

Yanne has no more subtlety than a riveter and makes his noise. He is not, however, a skilled worker. His script is as clumsy as its title and the direction is of like delicacy. He baits every sequence with gross anachronisms, stalking the belly laugh and begging it more often than not.

His Caesar is an effeminate top who, visiting his African colony, meets the Siren of the Nile, but due to biological deficiency is appalled by the suggestion that he marry her. He is played by Michel Serrault for super camp. Calpurnia, the music hall bumpkin, is a Ben Hur who drives an armored tank in a chariot race and Françoise Fabian's Cleopatra has strayed from the burlesque boards. The author-director's colleagues from television add to the hilarity, as do Yanne himself as a subversive taxi chauffeur who hatches a plot to unionize gladiators. In the last moments there is an insert of the Nativity.

Pierre Schoendoerffer is an earnest and well-intentioned author, but as a filmmaker he seems to lack the necessary fire. His latest work, "L'Honneur d'un capitaine" is a lengthy discussion on the Algerian war. As it would be impossible to explain the Algerian war to

everyone's satisfaction he remains, as it were, neutral, leaving conclusions to his spectators.

So, too, with the complicated matter of honor, always an intensely personal concept. Falstaff dismissed honor as mere air and Neville Chamberlain thought he was honorable at Munich.

When on a television panel a leftist professor slurs the reputation of a French captain slain in the Algerian campaign, the officer's widow brings suit. The captain's comportment in combat is reviewed at the trial. The widow wins, but is left with some doubts over the enigmatic evidence. There are flashbacks to the battles and the searches for informers, with Jacques Perrin as the captain, but most of the footage is devoted to courtroom sessions, well played by Nicole Garcia as the offended widow, Georges Wilson as her adviser and Charles Denner as the defense attorney.

One respects Schoendoerffer's sincerity, but though he presents the case he never makes a case. Gripping drama is apt to achieve its emotional surge not by logical reasoning but more often by deliberately dishonest black-and-white contrasts. His film is honest and honorable, but it is a bit dull.

Mario Monicelli's "Le Marquis d'Anjou" is an Italian harlequinade set in Rome at the time of the Napoleonic wars. It provides the versatile comedian Alberto Sordi with a dual role. He is at once the capricious playboy nobleman and the drunken plebeian, kidnapped in an alcoholic slumber to awake in a palace bedroom and honored for a spell as the mischief-making marquis. Sordi delivers hilarious characterizations and there is an amusing cameo by Paola Stoppa as the pope threatened by the demands of the Corsicans. The handsome photography sets the period with lavish detail and costumes for yet another spirited and spicy comedy from the Italian studios.

# Ayckbourn's 'Upstream' Sinks

By Sheridan Morley  
International Herald Tribune

LONDON — The National Theatre has been messing about with boats for far too long; but now that they have finally got Alan Ayckbourn's "Way Upstream" away from its mooring and into the water of the Lyttelton stage tank, it turns out to resemble nothing so much as the Titanic. Considering the vast amount of time and money that has been spent launching this aquatic disaster, you'd think the management would have first ascertained that the play would float.

Instead they are offering this waterlogged account of two archetypal Ayckbourn couples adrift on a comic voyage which turns into something vastly more poisonous as the boat approaches (I kid you not) Armageddon Bridge. If Ayckbourn had found a small bottle in which to put his message about the survival of the mildest he would have saved a lot of time and trouble, not least to himself as author-director. As things are, the National might have at least ensured that the water that caused all the delays was visible; from five rows back the boat might as well have been on wheels. The sooner it gets a decent burial at sea the better; maybe then the National might be able to use the tank for a revival of

"Outward Bound," or at the very least a personal appearance by Esther Williams.

Peter Nichols may not be Britain's greatest living dramatist (indeed like John Arden he has recently threatened to give up being a dramatist at all), but he is certainly

## THE LONDON STAGE

tainly Britain's most remarkable stage archivist. Having in "Privates on Parade" disinterred one derelict theatrical form, the revue, and used it to tell some of the truth about the British Army overseas after the war, he now, in "Poppy," the RSC's first production of a new script at the Barbican, takes a still more desiccated form, that of the Victorian pantomime, and uses it for a bitter study of British opium-pushing in China a century ago.

The result is admittedly patchy and, in the second half, inclined to drift closer to "The King and I" than "Aladdin"; but the notion itself is so much more courageous than anything else being done in the subsidized concrete palaces, and it allows for moments of such utter delight, that bits of "Poppy" are a lot better than no "Poppy" at all.

The trouble starts somewhere around the intermission, by which time a pantomime convention complete with dames and principal boys and a two-man horse, all lovingly recreated in defiance of Farrah's modern-musical settings, can no longer contain all that Nichols wants to say about the complex corruption of the Victorian opium runners. Like Sondheim with "Pacific Overtures" (a remarkably similar exercise in mismatched Oriental form and content) Nichols suddenly finds himself defeated by his own framework, and only at the last lockdown is he able to pull the whole thing together.

Emboldened by their success with "Swan's Down Gloves," last Christmas at the Aldwych and some David Toguri choreography which is (I hope) a brilliant parody of every Windsor pantomime I ever spent my childhood at, the company takes to the format like the addicts they are occasionally asked to play.

I'm not convinced (despite the aforementioned "Swan's Down Gloves") that the director, Tony Hands, entirely understands the lost world of pantomimes that Nichols is attempting to conjure up, and his casting is a bit thin, but in Geraldine Gardner he has discovered the most blazing stage-musical talent in years, while Stephen Moore manages a constantly faithful and endearing Jack. In short, what we have here is a flawed spectacular of considerable fascination; this may be your only chance to see a song sheet lowered from

the Barbican flies, and I'd not be inclined to miss a moment of it.

In the wake of "Annie" and "Charlie Brown" and "Li'l Abner" it was, I suppose, inevitable that somebody should think of making a musical out of Reg Smythe's "Andy Capp." But if ever a strip cartoon defied musicalization, this one is it. "Andy" has no plot, no hidden depths, few friends of much interest even to him. The strip is in effect a series of linked single gags, and in staging it at the Aldwych Trevor Peacock (book and lyrics) and Alan Price (music and lyrics) have been unable to put together more than the barest outline of a plot. Thus we have Andy deserted by long-suffering wife, Andy returned to (for no apparent reason) by her and Andy trying, not without success, the night I witnessed, to catch a bombing pigeon during his nephew's wedding.

Tom Courtenay does a likeable

if soft turn as Andy and the rest of the cast in Braham Murray's Manchester Royal Exchange production cluster respectfully around him in a semi-circle while he utters some of Smythe's more memorable one-liners about the state of male chauvinist piggy in an oddly undefined north country pub-world. The setting would appear to be mid-1950s Bleak, the songs (performed on stage by Price) are blandly forgettable and addicts of the strip will doubtless feel at home. Andy does not however achieve much success in the theatre, and his survival at the Aldwych will depend on the efficiency with which Daily Mirror readers can be used in to that former temple of RSC upmarket culture.

To the Apollo Victoria for only a

week came Shirley MacLaine with a new touring concert patched together from highlights of the last one plus lengthy homilies on the state of world peace. Here for 90 minutes was one of the greatest theatrical singers of our time resolutely ignoring any great theatrical songs and instead settling for a lot of acrobatic dancing linked by mediocre numbers from her movie past. Her energy, her confidence, her belief that she has the right to lecture us on humanity at 20 quid a ticket breathtaking; what she could do given a good director and writer remains to be seen.

## 5 Constable Works Found

LONDON — Five previously unknown paintings by John Constable, the English landscape painter, have been discovered in a family collection. Four of them, all oil sketches, will be sold at Christie's on Nov. 19, and London's Tate Gallery is negotiating for the fifth, a spokesman said.

# New Canadian Charter Keeping Judges Busy

By Michael T. Kaufman  
New York Times Service

OTTAWA — A Canadian government regulation that would force airlines to provide a free additional seat to any obese or disabled passenger, a move that has challenged a constitutional grounds by an association representing 105 airlines.

The issue is one of many being contested under the Charter of Rights and Freedoms, the document similar to the U.S. Bill of Rights that was enacted last year with the adoption of the Canadian Constitution.

Adoption of the charter has led to a multitude of civil rights suits; the courts, formerly bound by the British tradition of common law, find themselves weighing the implications of the charter in criminal, family and civil cases and public proceedings.

"We are basing our objection to the free-seat ruling in large part on constitutional arguments involving the charter," said Tom Watson, an official of the Air Transport Association of Canada, which so far has succeeded in delaying the effective date of the ruling on extra seats.

"What we are contending is that, by giving free seats to the obese or disabled, we would be discriminating against the other passengers. The cost of those extra seats would have to be borne by the other passengers, adding to the discrimination," Mr. Watson said.

"Who is to say who is obese?" he asked. "Will such passengers require medical certification? Are we supposed to have a cut-out silhouette through which normal but not obese passengers can pass? It is really a headache."

acts under provisions of the formal charter is taking root much faster than many observers have expected. Civil rights law, which in the past mostly meant argument over whether federal or provincial jurisdiction applied, is burgeoning. In criminal law, questions of search and seizure, self-incrimination, due process and limits on police authority are being worked out in dozens of cases.

In family law, groups of Indian women are using the charter's guarantee against discrimination on the basis of sex in an effort to overturn laws that uphold only patrilineal descent as the basis of tribal membership, thus denying women who marry out of the tribe, and their children, any rights to tribal benefits.

The most significant decision in the new area of constitutional law came last month when a judge in Montreal invalidated aspects of a Quebec law that forced children of certain English-speaking parents to attend French schools. The judge said the law violated the federal charter's guarantee on education in the language that was used to teach the child's parents.

In another case, an appellate court cited press guarantees in the charter when it overturned a lower court decision that barred reporters from covering juvenile cases even if they had agreed not to publish the names of the youths.

Perhaps the most controversial charter-related decision came during the summer, when Judge Maurice Charbonneau dismissed a case against a Toronto burglary suspect on the ground that his having been fingerprinted after arrest but before conviction had violated the charter's guarantee of protection against self-incrimination.

The judge, whose position was sharply attacked as being soft on crime, insisted that he was not against fingerprinting but that he felt that, as in Britain, a court order should be obtained by the police before fingerprints are taken.

# Corn Poppers Buttering Up Europe Market

By Ralph Blumenthal  
New York Times Service

CHICAGO — The U.S. popcorn industry is launching a promotional blitz in Europe this month, with Britain as the first stop.

The Popcorn Institute, a Chicago-based trade association for U.S. popcorn processors, noted that Europeans never learned to salt and butter popcorn as Americans do. Most of the popcorn consumed by the British is made into the confectionary caramel corn, and in Germany it is covered with chocolate, said William Smith, head of the institute.

The promotion will include popping demonstrations, television commercials, a quarterly newspaper and informational brochures, Mr. Smith said.

# U.S. Waste Processor Probed for Dumping

By Ralph Blumenthal  
New York Times Service

NEW YORK — The Police Department of Waterbury, Conn., has opened a criminal investigation into employee charges of illegal chemical dumping by a toxic-waste treatment company.

The health director of Waterbury, Dr. Gert Wallach, described himself as "shaken" by the charges. He said that he would seek new tests, and that if the allegations were true, then he had been "hoodwinked by the company."

The company, Environmental Waste Removal Inc., issued a statement denying that wastes were buried under its 26-acre property along the Naugatuck River. It called such charges "false" and attributed them to "disgruntled past employees who were discharged for improperly performing their duties" and who, the company said, could face "legal action" for "false and harmful statements."

"We can assure our generators and customers that any material submitted to EWR in the past has been documented and that any material submitted in the future will be properly treated," the statement said.

# Cheysson Says U.S. Holds Up Independence for Namibia

By The Associated Press  
DAR ES SALAAM, Tanzania

Foreign Minister Claude Cheysson of France suggested Monday that the United States was holding up independence for Namibia by insisting that Cuban troops leave Angola.

"We are finished with our work as a contact group," Mr. Cheysson said of the five Western nations seeking independence for the South African-controlled territory, also known as South-West Africa.

"Everything is ready. One could simply push the button," Mr. Cheysson said at a news conference at the end of a 24-hour visit to Tanzania.

Referring to United States and South African insistence that Cuban troops leave Angola as part of a Namibian settlement, Mr. Cheysson said: "There is still stagnation, but the contact group is not responsible for it."

He said the group as a whole —

France, Britain, West Germany, Canada and the United States — has "never accepted that there should be such a link and we will never accept it."

"We see no justification for any request being put to the government in Luanda," Mr. Cheysson said. "Of course, we know that the Americans don't feel that way. They have entered into a kind of negotiation with the Angolans, but it's their business."

A senior U.S. State Department official, who spoke to reporters at the United Nations last Wednesday, said the United States sees the prospect for the independence of the mineral-rich territory without parallel withdrawal of the estimated 15,000 to 20,000 Cuban troops from neighboring Angola.

The official, who asked not to be identified, maintained that Namibian independence and the Cuban troops in Angola were distinct issues. But he said the Reagan administration wants both settled "in parallel."

South Africa seized the arid, sparsely populated territory from Germany during World War I and administered it under a now-defunct League of Nations mandate. For the past 16 years, South Africa has defied United Nations resolutions calling on it to yield control.

The Cuban troops entered Angola in 1975 to help the Marxist faction now in power defeat its rivals in a civil war that accompanied independence from Portugal. Black nationalist guerrillas fighting for Namibian independence operate out of Angola.

Mr. Cheysson said France has received assurances from both the Angolan and Cuban governments that Cuban troops "would be quite ready to leave Angola the day Angola finds it proper."

He added: "If one country or another takes the responsibility of blocking the implementation of Namibian independence when everything is ready for implementation, that country should bear the full responsibility. I hope that no country in the world will dare do that."

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**East German Flees to West**  
The Associated Press  
HITZACKER, West Germany — A 28-year-old East German railroad worker swam the Elbe River to the West German bank Tuesday near this town in the state of Lower Saxony, border guards reported.

Mr. Cheysson said all parties have accepted that a 7,500-man UN peacekeeping force will move into Namibia during the transition to independence and said there is agreement on "how they will take their positions."

The French official flew Monday night to Kenya for a two-day visit. He is to meet with President Daniel Arap Moi.

Uganda Rejects Linkage  
Foreign Minister Albert Picho Oviyo of Uganda told the UN

General Assembly Monday that there was no justification for linking independence for Namibia and the presence of Cuban troops in Angola. The New York Times reported from New York.

Namibian independence is a clear-cut colonial issue, Mr. Oviyo said, while the Cuban presence concerns a "bilateral arrangement" between two independent and sovereign countries.

Mr. Oviyo said there had been reports for several months about "substantial progress" toward a negotiated settlement for the territory. But he said no such settlement seemed to be in sight.

The Cuban foreign minister, Isidoro Malmeida Peoli, said Friday that Cuban "internationalist fighters" went to Angola "to help defend Angola's independence and prevent the spread of the apartheid regime beyond the borders of Namibia — for no other reason."

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## INSIGHTS

## General Taylor Reflects on Lessons From the Cuban Missile Crisis

By Maxwell D. Taylor

Washington Post Service

This is the season for drawing "lessons" from our own age. From the Cuban missile crisis of 30 years ago. Already, such notable participants as Dean Rusk, Robert MacNamara and McGeorge Bundy, among others, have been heard from, and already, there is considerable disagreement as to whether there really are any such "lessons" to be drawn and, if so, what they are. Here Gen. Taylor — a former army chief of staff and chairman of the Joint Chiefs of Staff — who was a key player, offers his view.

Twenty years ago, on the morning of Oct. 16, President John F. Kennedy and his immediate advisers saw for the first time the aerial photography revealing Soviet ballistic missiles being installed in Cuba. Their presence had been suspected for a long time, but Soviet leaders had emphatically denied it. One of them, Foreign Minister Andrei A. Gromyko, repeated the denial in the Oval Office on Oct. 18, two days after the president had learned the truth.

Summoning the senior officials of the State and Defense departments, the Joint Chiefs of Staff and the CIA to his office, the president received the first reaction of the advisers who would serve him in the ensuing "secret crisis." These men, acting as his staff under the improvised title of EXCOMM (Executive Committee of the National Security Council), were to assist him in making the many difficult decisions that lay ahead. An observer might have found it ominous that some of the EXCOMM had served the president in a similar capacity at the time of the Bay of Pigs fiasco in the spring of 1961.

In discussing the situation in this first meeting on Oct. 16, Mr. Kennedy gave no evidence of shock or trepidation resulting from the threat to the nation implicit in the discovery of the missiles, but rather of deep but controlled anger at the duplicity of the Soviet officials who had tried to deceive him. Clearly, he had in mind that a single purpose to get the missiles out of Cuba before they were capable of delivering a warhead on an American target. The task of the members of EXCOMM was to find the best way to accomplish this purpose and to do so, the president reminded us, in absolute secrecy.

There followed six days of seemingly endless secret meetings in the course of which EXCOMM members studied all available intelligence, determined the limited number of alternatives worthy of consideration and eventually reduced that number to two, each with its partisan supporters. The alternative favored by the "hawks," a group to which I belonged, was to launch an air attack without warning on all the located missiles and IL-28 bombers that constituted the "offensive weapons" the president had determined to remove. The insistence on surprise reflected our concern that Nikita Khrushchev, the Soviet prime minister, if warned, might quickly move the missiles into hiding, thereby making it necessary to invade Cuba to get them out. For many of us, the invasion of Cuba was to be avoided at almost any cost.

**Partial Naval Blockade**

The "doves," on the other hand, recommended a partial naval blockade, euphemistically called a quarantine, to keep out further weapons. Most of them, however, were prepared to consider more drastic action if a quarantine proved insufficient.

During the ensuing meetings, these options were hotly debated, with the president usually in attendance except when, to preserve secrecy, he was obliged to make public appearances to which he was already committed. Thus, as the deliberations drew to a close, he was well informed as to the differing points of view of his advisers.

He did not appear to have made up his own



General Maxwell D. Taylor

mind until Oct. 21 following a discussion with Lieutenant General Walter Sweeney Jr., who commanded the Tactical Air Command, which would have carried out any air raid on the missiles. General Sweeney's frank admission that any such operation could not guarantee the destruction of all the weapons attacked reinforced an already perceptible inclination of the president to adopt the quarantine option. At the same time, however, he wanted the armed forces to be prepared for any likely contingency, to include an invasion of the island. Such was the final decision embodied in his television address on the evening of Oct. 22.

**Essential Facts**

Before addressing the nation on Oct. 22, there was much for the president to do in preparation for it. In the afternoon, he called the leaders of Congress to the White House and there informed them of the situation and his intentions. He had the essential facts transmitted to our principal NATO allies, the Organization of American States and our embassies about the world. Then at 7 P.M., he stepped to the microphone and informed a startled country and a perturbed world what had happened and what was in store.

Thus ended the "secret crisis," and the open power confrontation between Mr. Kennedy and Mr. Khrushchev began. Action and event followed in quick succession thereafter.

In execution of the president's order, the armed forces promptly set in motion a partial mobilization that eventually resulted in the concentration of a quarter of a million men in Florida and neighboring states. Simultaneously, the Air Defense Command and the Strategic Air Command prepared themselves to defend the United States and its neighbors against air attack and the remote possibility of some form of nuclear threat.

Mr. Khrushchev, caught by surprise with his missiles only partly installed, protested loudly and at length against Mr. Kennedy's actions and threats. Nonetheless, within three days he had ordered home his missile-bearing ships at sea rather than run the risk of breaching the quarantine.

On Oct. 29, he capitulated completely, announcing that he would dismantle his offensive weapons and would return them to their source if Mr. Kennedy would promise not to invade Cuba.

But the crisis did not end here. Fidel Castro, the Cuban president, refused to return the IL-28s, which he claimed to be his own and not Mr. Khrushchev's, or to permit international

on-site verification of the removal of the weapons covered by Mr. Khrushchev's agreement. After weeks of wrangling, Mr. Castro agreed to surrender the bombers, but Mr. Kennedy had to be satisfied with photographic verification of the departing weapons exposed on the decks of Soviet ships headed home. Since Mr. Castro never permitted international verification, a primary condition of Mr. Kennedy's promise not to invade Cuba, Mr. Khrushchev's failure to deliver on this point raised questions still with us today, as to the subsequent solidity of Mr. Kennedy's promise.

Such was the Cuban missile crisis in bare outline. If it is to be more than a historical episode soon forgotten, and to serve as guidance for future leaders, it is important that we determine the lessons it contains. Aware of many differing views on the subject, I venture to propose the following list as worthy of study by future administrations arriving in Washington to assume the powers of governance.

• The first lesson derives from the contrast in performance of the president's advisers in the Bay of Pigs affair, where the outcome had been a disaster, with that of essentially the same advisers in the Cuban crisis, where the outcome was a success.

In my opinion, this difference resulted largely from the experience that these officials had acquired between crises. They had learned how to operate the complicated machinery of government, how to start, stop, oil and repair it. Perhaps more important, they had had the time to become acquainted with one another, their respective turfs of responsibility and their individual capabilities. In doing so, they had also learned to function as a team able to integrate the assets of several executive departments in carrying out the president's will.

The lesson in this case is simple. Every new administration should devote its special vulnerability during at least the first year of its tenure, retain at the start a few political experts from the preceding administration to tide over its inexperience and try to avoid all crises as long as possible.

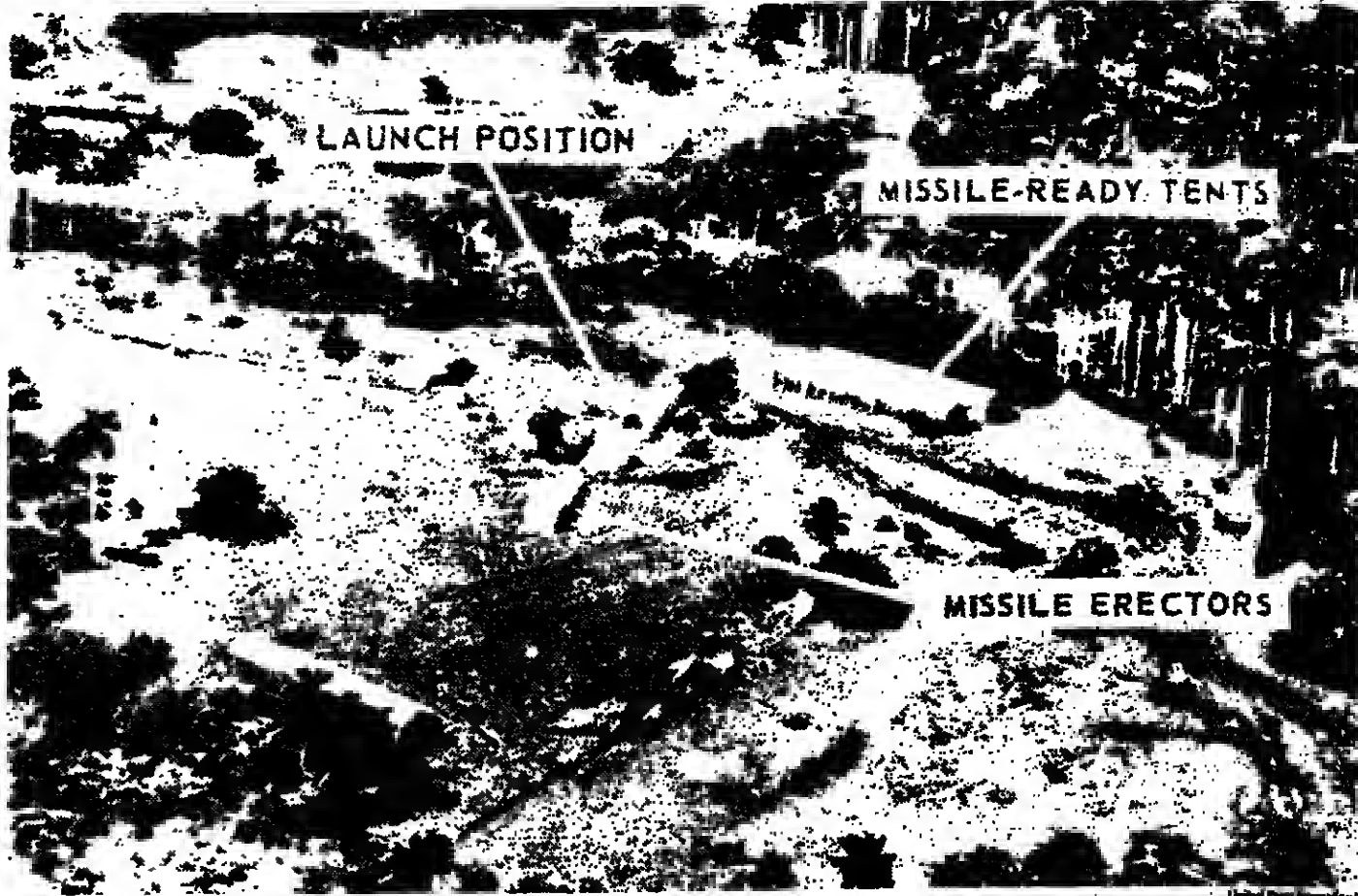
• A second lesson is the importance of recognizing that the president must inevitably be the manager of any crisis at the level of the National Security Council. Early in the Reagan administration, there was much debate over who should be designated in advance to manage crises as they arise. Any such designation of a crisis manager would probably be a waste of time since only the president can make the many decisions required during a crisis worthy of the name.

Who but President Kennedy could have picked the quarantine alternative as a means of evicting the missiles and issued the operational orders for implementing the decisions to subordinate such as the secretaries of state, defense, the CIA director and the senior military leaders of the armed forces? There are many time-consuming chores traditionally performed by a president from which he could and should be relieved. National crisis management is not one of them.

• Another important factor contributing to success in the Cuban crisis was the secrecy maintained during the planning phase and the surprise effect on Mr. Khrushchev of the president's Oct. 22 speech.

Aside from alerting the Soviet prime minister, any premature leakage of information regarding the discovery of the missiles or the secret nature of the EXCOMM would have released a flood of rumors and speculative press articles sure to stimulate congressional queries to the White House and similar requests for information from anxious allies abroad.

One can only speculate as to what Mr. Khrushchev would have done had he been warned. At a minimum he would have spared the shock effect of the president's re-



An aerial photograph of San Cristobal, Cuba, in October 1962 showed missile erectors, tents and a launch position.

laxation and would have been able to prepare countermeasures in the form of threats, propaganda and appeals to the United Nations in order to gain time while completing the installation of his weapons or concealing them. Surprised by the loss of surprise, Mr. Kennedy might have been forced into ill-prepared or unwise actions adversely affecting the outcome.

• Our great superiority in nuclear weapons contributed little to the outcome of the Cuban crisis. In this situation the stakes involved were far too small for either party to risk a resort to nuclear weapons. Hence our strategic strength had little applicability to the situation, whereas our conventional forces were indispensable. Since, in this category of strength, we were regionally superior and since the distance from home prevented timely reinforcements from the Soviet Union, from the start Mr. Khrushchev was condemned to military failure in the Caribbean.

The lesson here is that nuclear superiority is of little use in coping with an adversary similarly armed, whereas conventional superiority at the right place and time is likely to carry the day.

• The foregoing, I believe, are the most important lessons to be drawn from our experience. But we can also derive benefit from Mr. Khrushchev's mistakes — particularly from two of them.

Having underestimated the young president in the course of their Vienna meeting in June 1961, Mr. Khrushchev felt such confidence in his risky plan as to make no provision for any escape hatch in case things went badly. Things did go badly and he paid the price for ignoring Murphy's Law.

• Even more disastrous was Mr. Khrushchev's error in picking a fight far from home in his adversary's front yard. In doing so he ignored a wise saying dating from Roman times:

"A cock has great influence on his own dunghill." Present-day American strategists contemplating military operations in the vicinity of Soviet dunghills should bear this truism in mind, and the price that Mr. Khrushchev paid for not following it.

This summary of important lessons in the Cuban crisis raises a final question — are the lessons of 1962 likely to be relevant in future crises, and if so, will our leaders be able to apply them? There are several reasons to be doubtful on both points.

Today it would be next to impossible to count on the secrecy which contributed so much to success in the Cuban crisis. At least two new obstacles would exist — the War Powers Act and the intergovernmental practice of leaking information.

Had the War Powers Act existed in Mr. Kennedy's time and had he followed it explicitly he would have been obliged to consult with Congress before announcing his decision to impose the quarantine, which might have involved the navy in hostile action, or to order the concentration of troops in Florida, where they were exposed to air attack from Cuba.

**Privacy, Loyalty**

Equally dangerous to secrecy would be the vicious practice of leakage by government officials as a means of sabotaging a course of action of which they disapprove. A president today cannot count on either the privacy or the loyalty that Mr. Kennedy enjoyed.

Another missing asset would likely be the support that Mr. Kennedy received from the Organization of American States and the NATO allies. The rise of anti-Americanism in Latin America and our deteriorating relations with NATO nations would render most unlikely comparable allied backing today for crisis actions as bold as those of Mr. Kennedy. Obviously, leaders today would confront a

far more powerful Soviet Union than did Mr. Kennedy. While the Russians would be just as far from home in the Western hemisphere as in 1962, they now enjoy a prestige based largely on imposing strategic power that would inject a new factor into crisis management — the possibility of nuclear intimidation.

The exaggerated importance attached in the Western world to Soviet superiority in number and size of strategic weapons along with the worldwide fear of nuclear World War III create an atmosphere inviting Moscow to try the strategy of conquest by intimidation, something that was not conceivable in 1962. Can we and our allies resist this new aspect of an old threat?

My overall conclusion from this entire discussion is that we shall need to recognize and reflect upon the lessons of the Cuban missile crisis for the indefinite future, exploiting those applicable and feasible under current conditions while adapting others to a changing environment.

At the same time, we must change our ways when they are clearly contrary to our international effectiveness. In consistency with the latter precept, we should hasten to reduce the number and importance of indefensible interests located in proximity to the Soviet Union and adjust our foreign and military policies accordingly. (This would obviously be difficult in the case of our interest in the Gulf region, but in most places there are steps that could be taken.)

The resulting military establishment should be strong in conventional forces capable of resisting and enhancing the essential defensible interests that remain. Such a combination of foreign goals and military strength should make future crises at least as manageable as the Cuban crisis, provided in the meantime that its lessons are not forgotten.

Repressive Methods of Smith Regime  
On the Rise in Black-Ruled Zimbabwe

By Jay Ross

Washington Post Service

**HARARE, Zimbabwe** — Born two years ago amid bright hopes for democratic rule in black Africa, Zimbabwe is increasingly turning back to the repressive methods of white Rhodesia to stamp out dissent.

"It's like a replay of a nightmare," a veteran civil rights lawyer said. His white colleague nodded wearily in agreement and added, "We're back to square one."

Both men had risked careers and had been socially ostracized for years because of their efforts to prevent the oppression of blacks under the white Rhodesian regime of Ian Smith, the former prime minister. They had welcomed the advent of black rule under Prime Minister Robert Mugabe in 1980 in this southern African nation.

Now they found themselves listing alleged human rights violations perpetrated by the Mugabe government, under emergency regulations put on the books by Mr. Smith. The list included arbitrary arrests, torture, detentions without trial, access to legal assistance or even notification of families, and brutality of soldiers toward villagers in rural areas believed to be harboring armed dissidents.

The two men and most other critics, both black and white, acknowledge euphorically that the extent of human rights violations under Mr. Mugabe is much less serious than during the Smith regime, which executed hundreds of black opponents and detained thousands, sometimes for more than 10 years. Others note that repression is much worse in neighboring South Africa. But the trend is serious, the critics say.

**Reaction to Rebellion**

The deterioration in human rights has been an outgrowth of anti-government activity, mainly in southwestern Matabeleland province, where an estimated 2,000 dissidents have killed scores of people, staged numerous robberies and kidnapped six foreign tourists. The dissidents claim loyalty to Joshua Nkomo, the opposition leader, who has disavowed their support.

No overall detention figures have been released, but Sydney Sekeramayi, the minister of state in charge of the army, said 425 dissidents have been held in Matabeleland. It is believed that between 100 and 200 people are held in the Harare area for alleged anti-government activities.

Estimates of the number detained under Mr. Smith range between 2,000 and 3,000.

There is little question that the government has reason to feel threatened, both by internal and external foes. It has suffered armed attacks, sabotage and threats in recent months. Mr. Mugabe's party headquarters in Harare was destroyed by a bomb in December, and his residence was attacked in June. About 2,000 troops have spent the past 10 weeks in a vain search for the tourists kidnapped in July.

The government has detained hundreds of people in Matabeleland and elsewhere without charge. It has undermined the judiciary by refusing to abide by a court order and criticizing verdicts. It has reinstated the death penalty, which had been suspended since independence.

The vast majority of the prisoners are black, but the outcry has usually centered on white detainees, who generally have better access to the legal machinery because of their economic advantages.

A government official discounted growing Western criticism, saying it had arisen only when whites were detained.

**'A Fear Shared by All'**

Senator Garfield Todd, the last moderate white prime minister of Rhodesia, who was himself detained for more than five years by the Smith government, recently told Parliament of "a fear which is shared by all." He said, "No one can be confident that his color, his name or his party affiliation can guarantee his personal safety."

A senior black official in the Ministry of Education and Culture, Toby Moyana, disclosed to the Herald daily newspaper that he had been arrested in a hotel bar by an army officer and held for six hours without any reason being given. While in prison, he said, he saw many incarcerated soldiers.

How, he asked, does such a person have so much power that he can send a civilian like myself to detention for no reason whatsoever?

A black columnist who uses the pen name "Zingizi" wrote in the Sunday Mail, "I, too, and every thinking Zimbabwean would like, in fact are entitled, to know the answer to this question."

Noting the threats to the government, the columnist nevertheless said he could "not subscribe to the idea that, in order to preserve freedom, all methods, fair or foul, are permissible, such as detaining anyone without rhyme or reason."

Such criticism in the newspapers, run by a trust in which the government has controlling interest, is rare. There is no criticism on the government-owned radio and television.

Critical diplomats here are not willing to have their embassies identified, but in London this week the Foreign Office said Britain has expressed "very serious concern" over the detention and alleged torture of air force personnel, some of whom are British citizens. A Foreign Office spokesman said Defense Minister John Nott had raised the matter last month while on a visit to Zimbabwe during which he met with Mr. Mugabe.

A diplomat here familiar with such complaints to the government said officials "do not react too well" to the criticism.

Continued deterioration of the human rights situation could eventually endanger Western aid, some said, but a diplomat acknowledged, "Given the arguments for continuing aid, it

would have to get a lot nastier" before a cut-back was considered. Zimbabwe is one of Africa's major recipients of assistance, with pledges of about \$2 billion in grants and loans, mainly from the West, for development and rehabilitation from the seven-year war for black-majority rule.

The target for much of the criticism is the minister of home affairs, Herbert Ushewokunze.

The minister has attacked the country's courts, saying they were "gravely frustrating" the work of the police and appeared to be "sowing seeds of a revolt against the government and encouraging" the dissidents in Matabeleland.

He reportedly is creating his own special police force and has been responsible for several arbitrary arrests. He refused to obey a court order to release two white farmers who were acquitted of charges of harboring weapons of war. They were finally released when Mr. Mugabe intervened.

A black official defended Mr. Ushewokunze, saying he was a political necessity for Mr. Mugabe. Many voters' sons and husbands "were detained by Smith and nobody came around and asked them what they thought about it," the official said.

"People will think Mugabe is a white man in disguise" if he does not act against alleged white opponents, he said, and added that Mr. Ushewokunze takes care of that need.

**Comparison With Infant U.S.**

"We are at a stage of history where the United States was after independence," the American-educated official said, noting that constitutional rights were abused then mainly because of fear of Britain.

However, he added, "we are doing it in a different setting," noting that there are "enemies" within the country and on the borders, a reference to South Africa. A South African military unit was discovered inside Zimbabwe in August, although South African officials said it was not on an "authorized" mission.

Another defender of Mr. Ushewokunze said many whites will do anything they can to frustrate black rule and noted that "there are still people in the police and courts who sympathize with the old order."

One human rights lawyer who fought the Smith regime said that the situation, although discouraging, is a far cry from the days of the white government that fought to prevent black rule.

"If you can put the information before the prime minister, Mugabe will act," he said. "It's not an ideal situation," he acknowledged, but under Mr. Smith that avenue was never available.

Under Mr. Smith, the lawyer said, blacks "could be picked up and held incommunicado, tried in closed courts, convicted, imprisoned and executed. The family often was not even



President Robert Mugabe of Zimbabwe

notified of the execution but simply told to come pick up the body."

Even those who were simply detained without trial, as were Mr. Mugabe and Mr. Nkomo for 10 years, became nonpersons. It was forbidden to mention their names in the media.

Today, as lawyers force the issue, prisoners in urban areas have been given access to lawyers and are informed broadly of their alleged offenses within seven days. However, the Smith regulations, though somewhat modified, still allow for indefinite detention.

Court hearings are often closed, preventing publication of alleged violations of rights.

**Held for Sabotage**

Fewer than two dozen of the current prisoners are believed to be white. The most prominent are a member of Parliament and three senior air force officers held in connection with the sabotage of 13 air force planes by explosives in July.

Two of the officers' lawyers have charged that they were tortured. Attorneys for the member of Parliament, Wally Stuttaford, allege that he was mistreated. In July a court ruled that his detention since December had been illegal, but he was then arrested and charged with plotting to overthrow the government.

Most members of Mr. Mugabe's cabinet were detained during Mr. Smith's rule. The collective total of time served is probably several hundred years. Therefore, they do not regard "a month in the cooler as a terribly serious affair," a Western diplomat said.

To defend the current detentions on the basis of the past, however, "is a fallacious argument," he maintained. "They fought a war to end" such abuses, he said.

Reagan's Speechwriters:  
A Look Between the Lines

By Francis X. Clines

New York Times Service

**WASHINGTON** — There are three distinct speaking roles that Ronald Reagan may play as president, and his wordsmiths insist that the greatest strength as the nation's peacemaker orator overcomes any shortcomings of the two other roles.

These are the briefing-crammed president who can be a faltering target at news conferences, and the extemporaneous president who can ramble endlessly and incoherently at political gatherings as aides hold their breath.

Of these three roles, Aram Bakshian Jr., clearly involved with the best one as the director of speechwriting for the president, deals with the president's prepared remarks, laying out the proper thoughts like raiment for the big speech, insisting he can serve as nothing more than the impeccable valet, and, above all, enjoying the sight and sound, as much as the content, of Mr. Reagan's delivery.

"I enjoy even the civic parties," confessed Mr. Bakshian, a witty, literate 35-year-old who, unlike some administration toilers, has the grace in conversation to wander far afield from the relentless White House question of how the president is doing.

He keeps his hand in with the words of the world beyond Pennsylvania Avenue, and in the essays on history, humor and the arts that he has managed to compose and publish during his White House service, Mr. Bakshian takes care lately to list his speechwriting role as last, not first, in the thumbnail author's biography.

He talked of speechwriting as "doing this stuff" and as "folding bandages" in the president's crusade. "Speechwriting is to writing as Muzak is to music," he said.

It may be revealing that lately Mr. Bakshian has been writing and thinking about the late Ayn Rand, the libertarian heroine, and her fictitious voice of Dagny Taggart in "Atlas Shrugged" — an "unlikely cross between Tallulah Bankhead and Henry Ford" is Mr. Bakshian's summary.

"Her works, like Dale Carnegie courses, jogging and the Mormon religion, may strike outsiders as irrational or absurd," Mr. Bakshian observed. "But they give to their devotees a sense of purpose, direction, and fulfillment."

This latter point is clearly important to him and he honors it the same way as the "civic parties" that are required for the Reagan speeches, to remind Americans of "a world view based in morality."

Mr. Bakshian insists that the best speech craftsman in the White House is the president himself, who served many years of apprenticeship as a spokesman for General Electric Co. His speechwriters say that Mr. Reagan often takes legal pad and felt-tip pen in hand to rewrite important addresses.

Despite the chronic listings of President Reagan's public "misstatements" and confusion of detail, his aides stress that the president believes in the power of good narrative bolstered

by telling detail. They contend that the public forgives his mistakes because they sense his "trust" toward a larger truth, and that he defensively abandons this approach would wither his basic political strength.

Mr. Bakshian mused in his sunlit office on how a gifted politician makes "a performing art" of speech, transforming words into art. Echoing this image, his colleague, Anthony Dolan, tells of how he rose from a teen-age convert to Ronald Reagan's bel canto conservative clique in the 1960s to ranking librettist for Mr. Reagan as president.

"I am a Reagan boy from way back," said Mr. Dolan, 34, the chief speechwriter for Mr. Reagan. "I remember what hooked me when I was 13: a Reagan article in National Review entitled 'Losing Freedom on the Installation Plan.'" He smiled as if he had just recalled the lyrics of the earliest Little Richard album.

A bearded, friendly, candid Reagan loyalist, Mr. Dolan can summon enthusiasm in recalling a student day at Yale when he finally shook hands with Mr. Reagan, and found a politician "who looked you right in the eye."

"You have to be near Ronald Reagan," Mr. Dolan said with a pilgrim's pride. "Go into that Oval Office; it's like visiting your favorite relative. He knows what he is about."

Mr. Dolan confines such purple prose to conversation outside his job. Indeed, his mastery of the written word is indicated by the Pulitzer Prize he won when he was a young journalist delving into corruption in Connecticut.

"Actually, speechwriting is the reverse of newspaper writing," he said. "You put the important things near the end in a speech."



Aram Bakshian Jr., right, and Anthony Dolan, speechwriters for Ronald Reagan



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## BUSINESS BRIEFS

### Dow to Sell South Korean Holdings

MIDLAND, Michigan — Dow Chemical has agreed to sell two holdings in South Korea to the Korea Explosives Group for \$60 million by Nov. 15. The companies are Dow Chemical Korea, which Dow owns outright, and Korea Pacific Chemical, which Dow owns 50-50 with Korea Pacific Chemical Holding.

South Korea supports the sale, which developed as a result of efforts to restructure South Korea's petrochemical industry, Dow said Monday. Dow will give the two companies technical support and will continue to do business in South Korea through Dow Chemical International.

Dow had invested \$130 million in Dow Chemical Korea and \$23.3 million in Korea Pacific Chemical since 1968, business sources in Seoul said. They said Dow had estimated that it had lost \$60 million in South Korea in the past two years.

### U.S. Union to Reopen Chrysler Talks

DETROIT — Faced with the prospect of a rank-and-file rejection of a tentative agreement with Chrysler, the United Auto Workers union will resume negotiations with the company Friday, UAW President Douglas A. Fraser said Tuesday.

"Chrysler workers are extremely unhappy with the agreement," Mr. Fraser said. He said rejection of the tentative contract was certain even though voting would continue through Thursday.

Mr. Fraser said the union would give Chrysler a "ball-park figure" for an immediate wage increase. He said last week that the pact was probably doomed because workers wanted guaranteed pay raises. The agreement provided for pay to be raised when profits reached \$20 million.

### Enka Foresees a Fiber Agreement

BONN — Enka, the West German chemical fibers arm of Akzo, expects European producers of chemical fibers to sign an agreement by the end of this month to reduce capacity by 480,000 metric tons, a spokesman said Tuesday.

Enka is not certain how the cuts will be distributed but expects them to be based on products rather than countries, the spokesman said. He said European chemical fiber production in 1981 was 3.06 million tons, with capacity utilization at about 75 percent. Considerable overcapacity would still exist after the proposed cut, he added.

### U.S. Company to Make Conti Tires

HANOVER, West Germany — Continental Gummi-Werke has signed an agreement with General Tire and Rubber under which the U.S. company will produce 500,000 Conti tires a year for sale in the United States starting in mid-1983, a Conti-Gummi spokesman said Tuesday. Conti now exports about 500,000 tires a year to the United States.

General Tire, based in Akron, Ohio, will have access to Conti-Gummi technology for the production of steel-bonded truck tires. It will also be in a position to improve capacity use, the spokesman said. Last November, Conti, Europe's second largest tire manufacturer, signed a similar accord with Toyo Rubber of Japan for one million tires a year.

### Du Pont Expects Lower Earnings

NEW YORK — Du Pont expects lower third-quarter earnings as a result of the recession, Chairman Edward G. Jefferson said Monday at an analysts' meeting in San Francisco.

Last year's third quarter — the first quarter that included results for Conoco — Du Pont earned \$278 million, or \$1.44 a share, on revenue of \$7.15 billion. Mr. Jefferson said that Du Pont's traditional businesses, fibers and plastics, had been hit hard by the recession but that more diversified areas were faring better.

### Irvine Real Estate Chief Resigns

NEWPORT BEACH, California — Peter Kremer, president of the Irvine Co., the largest private land owner in growing Orange County, has announced that he is resigning effective Jan. 1.

His announcement came amid rumors that the small group of private investors that owns Irvine — which holds one of the largest stretches of undeveloped land in Southern California — had entered into negotiations to sell the company to Mobil, the Los Angeles Times reported Tuesday. An Irvine spokesman denied the report, however, and a Mobil spokesman said he was not aware of any negotiations with Irvine.

The private investors, including the Detroit developer Alfred Taubman, Henry Ford 2d and the Los Angeles developer Donald Bren, outbid Mobil for Irvine at \$337.4 million in 1977.

Compiled by Our Staff From Dispatches

## Mannesmann Puts Accent on Diversity

By John Tagliabue  
New York Times Service

DUSSELDORF, West Germany — Mannesmann, Europe's biggest maker of steel pipe, is spending considerable money these days on other activities, as if it judged almost everything else it does as potentially more profitable than the pipe business.

But there is one thing that the company does not plan to change — its reliance on the Soviet Union as an important market. That policy is steadfast even though Mannesmann is embroiled in the dispute over supplying the Soviet gas pipeline.

Boycott sales to the Soviet Union and to energy explorers in the United States helped the pipe division last year, but before that the division had three consecutive years of losses. In the 1960s, steel pipe accounted for 70 percent of Mannesmann's revenue, a figure that has since dropped to 50 percent.

Nevertheless, Mannesmann has invested heavily in the steel pipe business, even while diversifying. Meanwhile, it has pushed into the business of building plants and machines. It has also begun a drive to become a major factor in the telecommunications and computer equipment markets.

Mannesmann's doubts about the steel industry were already evident in 1962, when Egon Overbeck, then a 44-year-old executive with a reputation for no-nonsense management, was hired to run the company.

Mr. Overbeck, who is preparing to retire next July, is described as a brilliant industrial strategist who recognized early the European steel industry's coming problems.

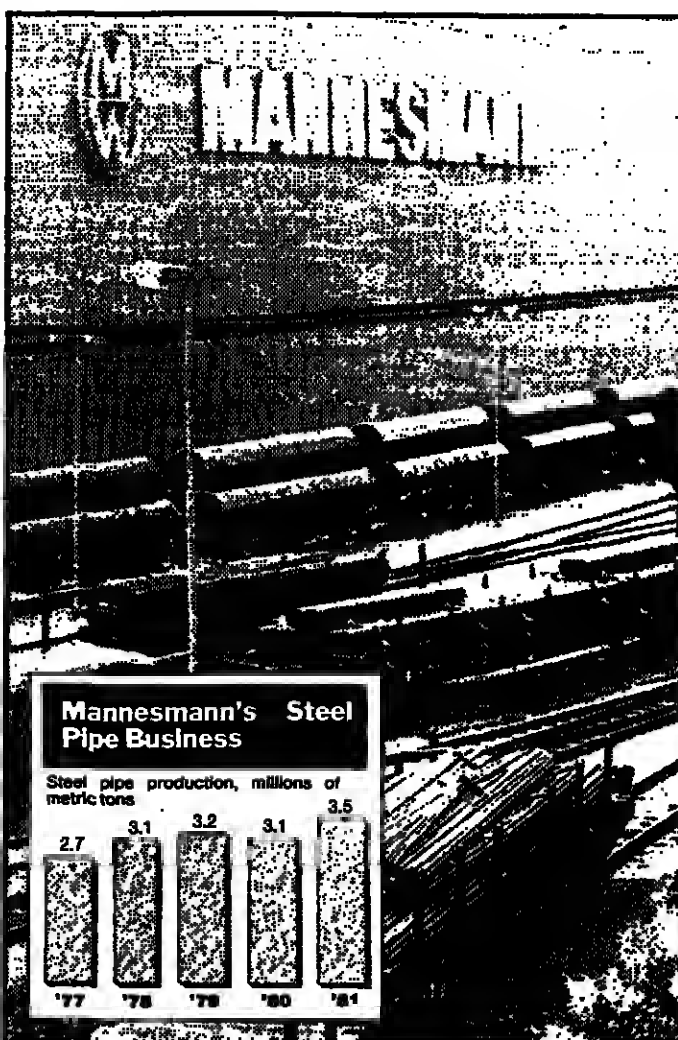
"We took a look at our financial possibilities," Mr. Overbeck recalled in a recent conversation, "and decided there was not enough to do everything: keep steel profitable, modernize our pipe-making and diversify."

Mannesmann began in Berlin in 1890, when Reinhard and Max Mannesmann started to make welded steel pipe using a process they invented. The company grew rapidly, and developed strong overseas markets, including Russia.

Mr. Overbeck has nurtured the tradition. In the last 20 years, Mannesmann has delivered nearly 7 million tons of steel pipe to the Soviet Union.

The Soviet Union's planned natural gas pipeline to Western Europe has strengthened demand. Last spring, Mannesmann signed contracts to deliver to the Soviet Union 1.2 million metric tons of pipe. Further

(Continued on Page 9, Col. 2)



Mannesmann steel pipe mill in Mühlheim, West Germany.

## Dow at 1,003 As NYSE Posts Mixed Results

NEW YORK — Profit-taking ended the market's four-day winning streak Tuesday and caused stock prices to close mixed. However, the Dow Jones industrial average remained above the 1,000 mark for the second day in a row.

The average closed at 1,003.68, down 14 points from the previous day's close of 1,017.62. The Dow Jones industrial average had risen a total of 110.96 points and it closed

Monday above 1,000 for the first time in 16 months.

Analysts considered Tuesday's setback only temporary while investors consolidated their gains.

Michael Metz of Oppenheimer and Co. said, "The profit taking will be temporary. ... I don't think the market has exhausted itself."

Monetarists split on Federal Reserve's statement on M-1, Page 9.

self. It looks like many buyers are waiting to come into the market on any correction."

James Solloway, economist with Argus Research Group, said, "We would expect to see some minor pullback, possibly as far back as the 960 to 950 level, but by year end the market could be above 1,050 on the Dow."

The average's highest close on record was 1,051.70 on Jan. 11, 1973.

"There is still a tremendous amount of money on the sidelines — I don't even think it's been scratched," said Chester Pado of G. Tsai and Co.

Much of Tuesday's profit-taking centered on the blue chip and speculative issues that reflected the most spectacular gains during the recent rally.

"What we are seeing is a rotation of groups — oil, oil services and other undervalued issues started coming on today while the blue chip and technology corrected," said Hildegard Zagorski of Bache Group Inc.

Several blue chip stocks that closed at new highs Monday gave up ground Tuesday, including AT&T off 1 1/4 to 61 1/4, IBM 3/4 to 82 1/2, General Motors 1/4 to 53, Eastman Kodak 1/4 to 93 1/4, American Brands 1/4 to 47 1/2, Westinghouse 1/4 to 35 1/4 and Procter and Gamble 1/4 to 110 1/4.

London and other European markets have shared in Wall Street's latest burst of enthusiasm over interest rates. The Frankfurt bourse's DAX index of 60 major West German shares rose to 725, the highest level since July last year, though still nowhere near the 1960 record of 1,313.9.

## U.K. Panel Recommends Few Curbs on Cable TV

By Bob Hagerty  
International Herald Tribune

LONDON — A government-ordered report released Tuesday cheered cable-television companies by recommending minimal restrictions but provided one major worry for the fledgling British cable industry.

The report, written by a three-man committee headed by Lord Hunt of Tanworth, cabinet secretary from 1973 to 1979, said cable "should be allowed to develop so as to provide the maximum variety and choice for the viewer, with the minimum of constraints necessary to safeguard public service broadcasting and the wider public interest."

Advertising should be allowed to supplement monthly user fees and there should be no limit placed on importing programs, the report said.

Such a laissez faire approach had been anticipated by companies hoping to profit from the government's plan to develop Britain's tiny cable industry rapidly. What

was not expected was a recommendation that franchises be awarded for initial periods of 10 years, about half of what many companies say is necessary to ensure that they can recover their investments.

Roy Fairbairn, head of European Operations for Cablecasting Ltd. of Toronto, said cable operators probably will not start to break even for five or six years. If they risk losing their franchises after 10 years, he said, they may have to offer less sophisticated services.

Cable companies hope to persuade the government to approve a longer franchise period. "I can't believe that a sensible government," eager for rapid growth and creation of new jobs, would accept a franchise period of only 10 years, said Richard Dennis, chief of the consumer electronics division at Rediffusion.

Some cable companies also were mildly disappointed that the report suggested a ban on pay-per-view services for the time being. Under such services, a cable operator might provide coverage of a major

sporting event only to subscribers who had agreed to pay for that single program.

Overall, however, several cable companies were delighted with the report. Rediffusion's Mr. Dennis called the recommendations "very positive and enlightening."

The committee suggested that a national cable authority be set up to award franchises for local systems and to provide general oversight. It warned against unleashing a horde of bureaucrats to monitor cable television schedules, lest the government "stultify the initiative and diversity that cable should have."

Foreigners should be allowed to invest in cable operations but should not have control, the panel said. It said adult movies should be allowed "on certain channels available only by special subscription and capable of being electronically locked to enable the subscriber to control viewing of them."

Cable television is not likely to ruin the two BBC channels, the independent television channel or Channel 4, which is to go on the air Nov. 2, the committee contended. Nor will it necessarily create a ratings war that would end the country's tradition of providing quality television programs, according to the report.

The final recommendations are far from the final word on the topic, however. Other committees are preparing to advise the government on technical aspects of cable television, such as whether to encourage use of traditional coaxial cables or to push development of higher-capacity fiber optic cables.

The technology deliberations could raise the issue of how much competition cable companies will offer to telecommunications concerns. Both groups are interested in offering such services as home banking and shopping, and the technical talks could cause "a real dust-up," said another Rediffusion official, Michael Aldrich.

Despite the remaining questions, the government of Prime Minister Margaret Thatcher is expected to offer some sort of guidelines for cable operators in December or January.

## Harvester Suppliers Balk at Debt-Equity Swap

Reuters

DETROIT — More than half of International Harvester's major suppliers have not yet agreed to participate in the company's proposed \$350-million debt-for-equity swap, major suppliers and Harvester sources said Tuesday.

Several suppliers said they would not decide whether to make any financial concessions to Harvester until they examined the prospectus on the planned stock offering, which is scheduled for later this month.

A Harvester spokesman said the company filed the prospectus earlier Tuesday with the Securities and Exchange Commission. He said

the prospectus would be available for distribution later this week.

The swap is part of Harvester's latest financial restructuring plan. Harvester said it filed registration statements covering new issues of sinking fund debentures and convertible preference stock.

Harvester has said that a committee of its 193 lenders had agreed to match by a 3-1 ratio, or \$150 million, any supplier concessions that would be in addition to equity exchanged for as much as \$350 million of Harvester debt.

Several suppliers said Harvester would find it difficult to obtain \$50 million in concessions from the suppliers.

Harvester sources said only a handful of major suppliers had agreed to "concede" \$10 million to the company over the next several years.

Other key suppliers said they would probably not agree to concessions because they doubted that Harvester's creditors would later hold the company to terms of the supplier agreement.

A Harvester spokesman said the company expected all its creditors to approve the financial restructuring plan later this week.

Harvester sources said that supplier and dealer concessions were necessary to gain total creditor approval of the proposed restructuring.

Harvester said the preference stock and warrants would accompany the new sinking fund debentures and the series B preferred stock that is proposed to be issued to the company's private lenders.

One supplier said any concessions would probably come in the form of price cuts and freezes, component engineering changes, repurchase of excess Harvester inventories and commitments to participate in future company inventory reduction programs.

An executive of one of Harvester's suppliers said: "I suppose you could say the issue of doubling terms for extension of credit to Harvester, in lieu of components and materials received, died last week." He was referring to Harvester's disclosure in a proxy statement to shareholders that its future was in "substantial doubt" if its creditors, suppliers, dealers and stockholders failed to participate in the restructuring.

French Unit to Sell Yumbo International Harvester France, a division of Harvester, said Tuesday that it had signed a letter of intent to sell its construction equipment manufacturing subsidiary, Yumbo S.A., to a group of Yumbo executives, Reuters reported from Chicago. Terms of the proposed deal were not disclosed.

## OPEC Cancels Meeting in Vienna

Compiled by Our Staff From Dispatches

ABU DHABI — OPEC oil ministers have dropped plans to hold a consultative meeting Oct. 28 in Vienna, the United Arab Emirates' oil minister, Mansour bin Jaber, chairman of OPEC's market monitoring committee, said Tuesday.

Mr. Jaber, noting that the world oil market had not improved, said the monitoring committee would meet in the first week of December just before the next full OPEC meeting, scheduled for Dec. 9 in Lagos.

In Vienna, a spokesman for the Organization of Petroleum Exporting Countries denied that a meeting of oil ministers had been planned for Oct. 28. Commenting on reports that OPEC had canceled the ministerial meeting, the spokesman said: "We cannot cancel a meeting that has never been announced. All I can say is that there will be no meeting on Oct. 28."

The spokesman acknowledged that there had been consultations among the 13 OPEC members regarding the possibility of a meeting.

The Middle East Economic Survey had said Monday that the meeting was unlikely to take place because Saudi Arabia and other Gulf producers were at odds with African producers over pricing. The Gulf producers were said to be pressing the Africans to increase their differentials, the premiums added for their oil's quality and proximity to markets.

Meanwhile, Saudi Arabia denied Tuesday that it had introduced any official discounts on the \$34-a-barrel benchmark price for its crude oil, but admitted that fluctuations may have occurred

as a result of market conditions.

The rare statement by the Ministry of Petroleum was commenting on a report by Petroleum Intelligence Weekly that Saudi light crude had been sold recently at what amounted to a discount.

An official ministry source quoted by the Saudi news agency said PTW had interpreted the development as a fracture in the Saudi pricing structure, which is the linchpin of OPEC's benchmark price.

"The kingdom has not undertaken any change or amendment in its declared prices and it is committed to OPEC's decisions in this connection," the source said.

"As to what goes on in the international market among companies, this is something dictated by the laws of demand and supply. The kingdom has no connection to

this and it has not effected any discounts on its sales."

Warning on Increased Demand The International Energy Agency warned Tuesday that expanding oil demand and accompanying upward pressure on prices could stall economic growth of Western industrialized countries in the second half of the 1980s, The Associated Press reported from Paris.

In a report on long-term energy prospects, the first such study since 1977, the IEA again cautioned its 21 member countries against complacency during the oil glut, noting that economic expansion can be sustained only if oil dependency is reduced. Although indicating that oil prices will continue to slip through the end of 1983, the IEA forecast an upswing in world demand by the mid-1980s as the expected economic recovery takes hold.

## CURRENCY RATES

Interbank exchange rates for Oct. 12, excluding bank service charges.

Interbank exchange rates on Oct. 12, following the dollar's devaluation									
	\$	£	D.M.	F.F.	Y.F.	Sw.	S.F.	Sc.	D.K.
American	1.725	49	19.28	36.1	0.192	1.725	1.725	1.725	1.725
Brussels (a)	1.725	49	19.28	36.1	0.192	1.725	1.725	1.725	1.725
Frankfurt	1.725	49	19.28	36.1	0.192	1.725	1.725	1.725	1.725
London (a)	1.725	49	19.28	36.1	0.192	1.725	1.725	1.725	1.725
Paris	1.725	49	19.28	36.1	0.192	1.725	1.725	1.725	1.725
Stockholm	1.725	49	19.28	36.1	0.192	1.725	1.725	1.725	1.725
Amsterdam	1.725	49	19.28	36.1	0.192	1.725	1.725	1.725	1.725
Geneva	1.725	49	19.28	36.1	0.192	1.725	1.725	1.725	1.725
Madrid	1.725	49	19.28	36.1	0.192	1.725	1.725	1.725	1.725
Oslo	1.725	49	19.28	36.1	0.192	1.725	1.725	1.725	1.725
Copenhagen	1.725	49	19.28	36.1	0.192	1.725	1.725	1.725	1.725
Helsinki	1.725	49	19.28	36.1	0.192	1.725	1.725	1.725	1.725
Toronto	1.725	49	19.28	36.1	0.192	1.725	1.725	1.725	1.725
Montreal	1.725	49	19.28	36.1	0.192	1.725	1.725	1.725	1.725
San Francisco	1.725	49	19.28	36.1	0.192	1.725	1.725	1.725	1.725
Los Angeles	1.725	49	19.28	36.1	0.192	1.725	1.725	1.725	1.725
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Kyoto	1.725	49	19.28	36.1	0.192	1.725	1.725	1.725	1.725
Beijing	1.725	49	19.28	36.1	0.192	1.725	1.725	1.725	1.725
Tientsin	1.725	49	19.28	36.1	0.192	1.725	1.725	1.725	1.725
Shanghai	1.725	49	19.28	36.1	0.192	1.725	1.725	1.725	1.725
Hong Kong	1.725	49	19.28	36.1	0.192	1.725	1.725	1.725	1.725
Macao	1.725	49	19.28	36.1	0.192	1.725	1.725	1.725	1.725
Manila	1.725	49	19.28	36.1	0.192	1.725	1.725	1.725	1.725
Seoul	1.725	49	19.28	36.1	0.192	1.725	1.725	1.725	1.725
Tokyo	1.725	49	19.28	36.1	0.192	1.725	1.725	1.725	1.725
Yokohama	1.725	49	19.28	36.1	0.192	1.725	1.725	1.725	1.725
Osaka	1.725	49	19.28	36.1	0.192	1.725	1.725	1.725	1.725
Kobe	1.725	49	19.28	36.1	0.192	1.725	1.725	1.725	1.725
Nagasaki	1.725	49	19.28	36.1	0.192	1.725	1.725	1.725	1.725
Fukuoka	1.725	49	19.28	36.1	0.192	1.725	1.725	1.725	1.725
Sapporo	1.725	49	19.28	36.1	0.192	1.725	1.725	1.725	1.725
Hiroshima	1.725	49	19.28	36.1	0.192	1.725	1.725	1.725	1.725
Kyoto	1.725	49	19.28	36.1	0.192	1.725	1.725	1.725	1.725
Beijing	1.725	49	19.28	36.1	0.192	1.725	1.725	1.725	1.725
Tientsin	1.725	49	19.28	36.1	0.192	1.725	1.725	1.725	1.725
Shanghai	1.725	49	19.28	36.1	0.192	1.725	1.		







## Monetarists in U.S. Disagree On Fed's New View of M-1

By Clyde H. Farnsworth

New York Times Service

WASHINGTON — Monetarists, the economists who watch the Federal Reserve most closely, are widely divided over the significance of the changes disclosed last week by the United States' central bank.

Milton Friedman, a Nobel laureate and the most prominent proponent of monetarism, maintained Monday that the Federal Reserve is continuing a policy of "allowing wide swings in the growth of the nation's basic money supply."

Mr. Friedman opposes such a policy. "I don't know what all the fuss is about," he said in an interview. He added that he accepted the Fed's explanation that its decision to temporarily tolerate more rapid growth in the money supply did not represent a policy change.

But other monetarists expressed fear that the Federal Reserve is in the process of making a basic shift in strategy that will put primary emphasis on controlling interest rates rather than money supply growth. If they are correct, the shift might represent the most significant policy change since Oct. 3, 1979, when the Fed decided to concentrate on money supply growth without much regard to interest rates.

The internal procedures of the Fed give me little confidence," said Karl Brunner of the University of Rochester and the University of Bern, who is co-chairman of the Shadow Open Market Committee, a group of economists, mostly monetarists, who monitor and criticize actions taken by the Fed's policy-making committee. "Basically, Fed officials are primarily

concerned with interest rates and are using interest rates to control monetary growth."

Monetarists had generally applauded the October 1979 switch in Federal Reserve policy because they favor slow and steady growth in the money supply as the best way to curb inflation. The latest developments have raised the specter among some monetarists — the ones who are convinced that the Fed is changing course — that it is risking a new surge of inflation.

If the Fed starts putting more money into the economy to assure that interest rates continue to fall, some economists warned, it could produce a dangerous backlash.

"The big threat to the explosive rally in the stock and bond markets would come if the Fed started to pump money into the system," said H. Erich Heinemann, a Wall Street economist and a member of the Shadow Open Market Committee. "It would increase inflationary expectations and actually lead to higher interest rates." Mr. Heinemann is among those who think the Fed has made a significant policy change.

Paul A. Volcker, chairman of the Federal Reserve Board, insisted Saturday in a speech that the central bank had not abandoned the fight against inflation through

control of money supply growth. But he said it would pay less attention in coming weeks to changes in the M-1, the money supply measure that includes cash and the deposits in checking accounts.

Mr. Friedman commented that, although there might be no change in the Fed's basic policy, there had been a change in the Reagan administration's rhetoric.

Both Treasury Secretary Donald T. Regan and Beryl Sprinkel, the undersecretary for monetary affairs, have encouraged the Fed to overshoot its targets for M-1 growth if the Fed thinks it is necessary to do so. Mr. Regan and Mr. Sprinkel see more rapid money supply growth — for a short period of time — as a way of bringing down interest rates, which in turn would stimulate the economy and bring it out of the recession. In the past they had been highly critical of money supply volatility, calling it inflationary.

Mr. Sprinkel, widely regarded as the monetarists' chief representative at the Treasury, insisted that a temporary period of more rapid growth would simply reflect "noise in the system" and would not undermine the objectives of both the central bank and the administration to reduce inflation and interest rates.



Milton Friedman

Some monetarists outside the government were more critical, however. Allan H. Meltzer, the other co-chairman of the Shadow Open Market Committee and a professor at the Carnegie-Mellon Institute of Pittsburgh, said: "Here we go again. It used to be that we would have bulges in the money supply every presidential election year, but now we're getting them every two years for the congressional elections as well."

Mr. Meltzer, who shares Mr. Friedman's view that the Fed's latest moves lack much significance, said he expected M-1 growth this year to be about 6 1/2 percent, or 1 percentage point above the top limit of the Fed's target. Last year the growth of M-1, which corresponds to today's M-1, was 2.1 percent.

## Mannesmann to Continue Changes

(Continued from Page 7)

agreements are expected soon for deliveries through 1985.

Mannesmann, together with France's Cressat-Louis, is general contractor for Western companies helping to build the pipeline. Last week, after AEG-Kanis, a West German subcontractor, broke the American embargo by shipping pipeline compressor equipment to the Soviet Union, three Mannesmann subsidiaries were slapped by the U.S. Commerce Department with trade sanctions.

Mannesmann's steel pipe trade prospered last year and production rose 14 percent, to 3.5 million tons. With that help, the company's after-tax earnings rose to 243.6 million Deutsche marks (\$107.8 million), from 163.2 million DM in 1980. Total revenue was 13.8 billion DM, up from 11.8 billion DM. More recently, though, as energy exploration in the United States has dried up and the recession deepened, steel pipe orders have fallen, and Mannesmann executives say they are bracing for a pinch.

Though Mannesmann executives deny that the corporation is excessively dependent on the Soviet Union for sales, they acknowledge that of the 3 million tons of

steel pipe a year that Mannesmann produces in Germany, 10 to 15 percent go to the Soviet Union, accounting for about 5 percent of total revenue.

Still, Mannesmann management is far from single-minded. The company boasts a huge Brazilian subsidiary and is a major supplier of steel pipe to North America. In recent years it has also widened its American presence by acquisitions and joint ventures.

Mannesmann has completed a series of complex deals in recent months to enter the telecommunications and computer business, acquiring a stake in the telecommunications operations of AEG-Telefunken, the tottering German company, and buying Kienzle, an unprofitable family-owned computer company in southern Germany. But analysts predict stiff competition for Mannesmann in the telecommunications and computer fields.

Mannesmann has also been active in the United States. In 1979 it acquired the Tally Corp., a manufacturer of computer printers. Its Rexroth subsidiary bought Worcester, a hydraulics company based in Ohio. In 1981 Mannesmann's big Danag subsidiary acquired the Barrett Electronics Corp., a maker

of industrial transport systems, and it entered a joint venture with Westinghouse to sell steel pipe equipment and continuous casting machinery in the United States.

Mannesmann's U.S. holdings, however, are a jumble of small operations, and efforts to gather them into a larger company in 1979 by offering \$245 million for Harnischfeger, a Milwaukee-based manufacturer of heavy machinery, were thwarted when the Federal Trade Commission ruled that the acquisition would violate antitrust statutes.

Mr. Overbeck is not discouraged. "We're still interested in a good-sized acquisition," he said, "and we're always looking."

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on October 8, 1982

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Pacific Selection  
Fund N.V.

## Mexico Called Confident of IMF Loan

Fund Expected to Provide Credit Without Imposing Tough Austerity Plan

By Alan Riding

New York Times Service

MEXICO CITY — The government is confident that the International Monetary Fund will provide credit without imposing an austerity program that could plunge the country into a prolonged depression, senior Mexican officials say.

The officials, who asked not to be identified, said Monday that informal agreement had been reached with a negotiating team from the IMF for signature before President José López Portillo leaves office on Dec. 1.

The officials said the negotiating team, which was to return to Washington for further discussions with the fund's managing director, Jacques de Larosière, had accepted Mexico's contention that deep cuts in the government's budget deficit would bring on a slump that would prevent Mexico from repaying its huge foreign debt.

"I think the fund has come to accept that ours is a special case," a key official said. "I think it realizes that a suspension of payments by us is worse than allowing some flexibility towards Mexico."

Some IMF officials, however, are said to be worried that a toler-

ant attitude toward Mexico's financial crisis could set a dangerous precedent for possible negotiations with other major debtor nations, among them Argentina, Brazil, Venezuela and Peru.

If the terms negotiated so far with Mexico are accepted, the Mexican officials said, a formal letter of intent will be signed by Finance Minister Jesús Silva Herzog and approval will be sought from the fund for a \$4-billion loan over three years.

The officials conceded that the fund had only reluctantly accepted that Mexico would maintain full foreign exchange controls, a two-tiered exchange rate, tight import controls and domestic interest rates far below the current rate of inflation. But Mexico has agreed to limit its new foreign borrowing next year to \$5 billion, they said.

The key point of contention in the discussions with Mexico appears to have been the size of the budget deficit, which this year is expected to reach a record 17 percent of the gross national product. The fund reportedly favored reducing the deficit to 6 percent of GNP, but eventually accepted a deficit of 10 percent in 1983, the officials said.

The sharp cut in government spending next year is expected to result in close to zero economic growth, but the officials argued that reduction of the deficit to 6 percent of GNP would have provoked major corporate bankruptcies, widespread unemployment and increased social unrest.

Although the Mexican govern-

ment was unhappy at the prospect of turning to the IMF for help, an agreement will provide Mexico with \$1.5 billion in new credit next year and will release the balance of a \$1.85-billion loan from the Bank of International Settlements. It will also enable the country to seek new credits from foreign private banks.

Earlier this month, the Mexican Finance Ministry informed the government's leading creditors that it would be unable to repay any principal on its \$60-billion foreign debt before 1984, thus effectively extending for more than one year the current 90-day "moratorium" on principal payments, which is scheduled to end Nov. 23.

The ministry nevertheless stressed that Mexico would meet about \$12 billion in interest payments due in both 1982 and 1983.

Foreign bankers in Mexico have confirmed that the public sector is paying interest on its debts without significant delays, but neither interest nor principal is being paid on the private sector's \$20-billion foreign debt. "Companies keep arguing that the Bank of Mexico is not selling them the dollars they need," said an American banker who asked not to be named.

The government's Foreign Investment Commission announced Monday that foreign creditors of Mexican companies would be allowed to acquire stock in these companies in lieu of cash repayment. The American banker, however, said this was not an attractive offer to foreign banks.

The ministry also estimated that

Mexico's current account payments deficit would be reduced from a record \$13 billion last year to \$5.9 billion this year and \$2.7 billion in 1983 as a result of a sharp cut in imports.

**Dollar Deposits Decline**  
The Mexican central bank said Monday that total dollar account deposits in Mexico fell to \$5.9 billion from \$11.6 billion in the four weeks following the nationalization of private banks Sept. 1. Reuters reported from Mexico City.

The withdrawals were all in Mexican pesos, in line with the government decree Aug. 13 ordering all dollar account withdrawals to be paid at about 70 pesos to the dollar.

### Gold Markets Oct. 12

	A.M.	P.M.	CLOS.
London	428.50	427.50	427.50
Paris (12.5 kils)	424.50	423.50	423.50
Zurich	422.50	421.50	421.50
New York	422.50	421.50	421.50
Official figures for London, Paris and Zurich, quoted and closing prices for New York and Zurich, N.Y. Herald & Tribune, U.S. dollars per ounce.			

### Gold Options (prices in \$/oz.)

Price	Nov.	Feb.	May
410	34.00-46.00	52.00-54.00	57.00-61.00
420	21.00-28.00	41.50-47.50	47.00-51.00
430	13.00-16.00	34.50-40.50	40.00-43.00
440	10.00-12.50	27.00-31.00	31.00-34.00
450	5.00-7.00	19.00-22.00	22.00-24.00

Gold 400-444.00

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### COMPANY REPORTS

Revenue and profits, in millions, are in local currencies unless otherwise indicated.

#### United States

First Chicago	
3rd Quar.	1982
Revenue	22.7
Profits	0.85
Per Share	0.85
9 Months	1982
Revenue	96.1
Profits	82.2
Per Share	2.54

International Paper	
3rd Quar.	1982
Revenue	984.2
Profits	32.4
Per Share	0.52
9 Months	1982
Revenue	3,080.
Profits	3,360.
Per Share	33.5

Westinghouse Electric	
3rd Quar.	1982
Revenue	2,329.
Profits	113.7
Per Share	1.21
9 Months	1982
Revenue	7,129.
Profits	348.5
Per Share	4.01

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Vereins- und Westbank Aktiengesellschaft	J. Vontobel & Co.	Verband Schweizerischer Kantonalbanken
Westdeutsche Landesbank Girozentrale		M.M. Warburg-Brinckmann, Wirtz & Co.
		Yamaichi International (Europe) Limited







## Tuesday's AMEX Closing Prices

Tables include the nationwide prices up to the closing on Wall Street

[illegible]

# U.S. Fighting French Regulation Imposing High Duty on Software

By Thomas W. Lippman

**WASHINGTON** — The U.S. government and the domestic data-processing industry have joined forces to fight a French government regulation levying higher customs duties on computer programs imported into France.

Under the new French system, the duties are calculated according to the value of the research that lies behind them, not just on the tapes or discs that transmit them.

The French rule, adopted with little notice two years ago, is only beginning to affect computer and data-processing firms outside France, industry sources said. But its long-term implications are immense: It could cut U.S. and Japanese suppliers out of the competi-

Most nations traditionally have valued creative commodities such as books or phonograph records according to their material content, not the work that went into producing them. According to a trade law expert in Washington, the new French system is "tantamount to putting a bigger duty on a record by the Mormon Tabernacle Choir than on a record by a

soloist because it cost so much more to train and assemble all those musicians."

Washington opinion is divided about whether France was motivated by a desire to raise revenue, a wish to assist its own highly developed computer industries, or both. But whatever the reason, software suppliers fear that other countries with sophisticated data-processing industries will adopt the French system, producing a wave of protectionist measures.

"The French are very good at this industry, and what they are trying to do is protect it," said Jerry Dryer, president of the Association of Data Processing Service Organizations. "They are forcing us, economically, out of the marketplace in France."

In fact, industry sources said U.S. suppliers have felt little direct impact from the French rule, partly because IBM and other major data-processing companies have French subsidiaries and partly because the material can be shipped into France duty free through Britain and other countries in the European Community that do not use the French system.

"I don't think any companies

have actually lost business yet, but if the European Community harmonizes its policies internally, we could be in trouble," said David Shark, an assistant to William E. Brock, the U.S. trade representa-

Mr. Shark said he had been negotiating with representatives of the EC and the Committee on Customs Valuation in Geneva in search of an "agreed interpretation" of international customs rules.

The problem arose in 1980 when EC nations acceded to an international agreement on customs valuation. The French customs service, in an official bulletin instructing its agents how to apply the code, said duties on computer software were to be levied on "the total billed price, including the costs relative to the development of the program when these are included in the price."

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## OBSERVER

### *Axes on the Right*

By Russell Baker

**N**EW YORK — A dozen years ago we had "the new left," which could have been more aptly called, "the goofy left." Their goal was to destroy "the system." Afterwards, they said, something nice would come along to replace it.

Now we have "the new right." Since it's embodied in President Reagan, who came to power in a landslide, we can't call it "the goofy right" without slandering the American electorate. Still, there are parallels with the now defunct "goofy left."

For example, there's the same destructive hostility toward "the system." Whereas the old new leftists talked a fierce attack on "the system," the Reagan people are going at it with wrecking balls and bulldozers and "the system" is reeling.

The steel industry is dead in the water. The construction industry died on the ground floor and the auto industry half dead on its wheels.

than the new lefties were, but this is not a valid distinction either. True, "the new left" sometimes contended with wild striking tactics and rifle barrels, but sometimes that also blew up the physics lab and people inside it.

The chief difference between the two is that the rightists are politically effective and the leftists weren't. This is why the Reagan administration has had more success in attacking "the system" in two years than the leftists had in 10.

And so it is Ronald Reagan rather than Herbert Marcuse, who finds himself presiding over a spreading junkyard of wrecked "system" parts. And it has been left to Reagan, rather than to Professor Marcuse, to discover that something better just doesn't, well, happen—once "the system" starts collapsing.

There is some evidence that the president is now worried about this. He is starting to fight to restore some of the shattered tax

Both "the new right" and the last decade's leftists attacked "the system" for high-minded motives. The leftists envisioned its replacement by a society in which people would tend to share their music instead of being greedy and making war. They viewed the government as the root of communism evil and wanted it replaced with

A problem of dreamers is they tend to be inflexible in their desire to bring uplift to humanity. And so, in his move to restore some of his system, the president now faces his first head-on opposition from those on the right who, true believers, hold that government

Perhaps its best human metaphor is Secretary of the Interior Watt whose dream of America crowned in glory seems to be an oil well in every flower bed and a logging crew cutting down the bandstand. With the great engines of capitalism thus unleashed the present stultifying "system" will, better replaced by something, well, better.

We are not talking about bad people, we are talking about dreamers who whether in "new left" or "new right" costume, hope to uplift the country, about people who cherish the dream so fondly that they are willing to make a mess to see it realized.

Reagan's critics may say that he and his crew are more ruthless

to the masses than have money, big haircuts, puffed out, store-bought clothes, and a good word for corporations, and only a few of the hardest holdouts accuse them of selling out. I'd say they grew up, which, though possibly sad, is inevitable. We probably don't have a lot of time for the Reagan people to undergo the process.

*New York Times Service*

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## Virgil Thomson

***'There Has Been Nothing Novel in Music  
For a Very Long Time'***

By Lon Tuck  
Washington Post Service

WASHINGTON — Virgil Thomson, who is about to be 86, is a little bit cheeky; on his left and tells you to sit there "because the left ear is the one that hears a little bit. Sit fairly close," he adds, "because if you're as far away as the door over there what I will hear will be the captain of the plume making the march." He is kidding.

Despite his years, Thomson's hearing seems to be the only thing that is either out of whack or out of sorts with the cherubic American sage who had the talent and taste to collaborate with Gertrude Stein, or "The Saints in Three Acts," and "The Mother of Us All," as well as the

acuity and wit to preside over American music as the "critic of the New York Herald Tribune." Only recently has "A Virgil Thomson Reader" won the National Book Critics Circle Award.

Thomson was in Washington for a concert of his music that launched the Kennedy Center's "American Composers' series in the Lincoln Theater.

The hearing problem, because although the device that has been placed in his left ear makes conversation simple enough, the sound of music doesn't come out right anymore. "I can hear the first and the last quarters flat. Things about middle C are irregularly sharp. On some instruments there are troublesome overtones. It makes

## 'Saints' in Toto

**NEW YORK** — It was an American opera that had everything — words by Gertrude Stein, music by Virgil Thomson, choreography by Frederick Ashton, production by John Houseman and the daring use of an all-black operatic cast. Everything but

Now, 48 years after its first and only fully staged performance, "Four Saints in Three Acts" has been completely re-created, much to the delight of

It hasn't occurred to him to be despondent. "I'm not one of those sad characters who spends half of a life with a shrink. I've never been to a psychiatrist and so I don't feel guilty. I've never been given a reason to feel guilty."

Nor is he the kind of aging artist who sees Western culture going to hell in a handbasket at the hands of the younger generation. Quite the contrary. He even

In 1974, it was performed in concert and a recording was made of excerpts. Last year, a concert performance at Carnegie Hall led to the decision to make a complete recording, which will be issued by Nonesuch Digital Records.

**CLASSIFIED AD**



**Thomson, nearing 86: "I still write music all the time."**

the debunking. But that's not all bad. Why should Nadia — any more than Toscanini or even Jesus Christ — be able to fly on a cloud into eternity without even a bump?"

He does not, though, pretend that either music or painting is anything like a Golden Age. "There are dips and there are crests and this is a dip. There has been nothing novel in music for a very long time. The nearest thing to a new movement is Philip Glass, and Reich and Riley. It's painters is that they like to keep sitters awake by jabbering at them. But I don't want any talk. I can't write music and talk at the same time. They are welcome to sleep or read a book, though. That day with Aaron he came over and just sat. I don't remember whether I gave him lunch or not."

Over the years Thomson has amassed as wide a circle of friends — although feuds erupt from time to time — as anyone in music.

He has composed about 100 musical portraits of them, written

At the end of the interview, at the home of a friend here, Thomson insists on providing an escort to the elevator.

"Persistently Pastoral: Aaron Copland (Oct. 16, 1942)." "I have to do these from life," he explains. "I take a pad and a pencil

**PEOPLE**  
**'Me Tarzan, Bye Koo**

Prince Andrew is cutting short his Caribbean vacation with American-born actress Kathleen (Koo) Stark, Buckingham Palace said Tuesday, Andrew, 22, second-oldest son of Queen Elizabeth II, made an "abruptly personal decision" to curtail the vacation and return alone to Britain on Wednesday, a palace spokeswoman said. The announcement came on a day when British news photographers got what they wanted — a front-page picture of Andrew, bare-chested, during his post-Pelicans holiday with Stark in Muskeget, in the Grenadine islands. "Mc Tazuan, You Koo," headlined *The Sun*, one of three London newspapers featuring the photo of

Andrew, showed him stress and pushed painfully through his physical problems while following his dream of a Caribbean hideaway. A week of front-page publicity about Andrew's romance with Stark, 25, an actress who has appeared much in her films, appeared to be wearing on some members of Britain's royal family. The Daily Mirror, in its story headlined, *His Royal Highness's*, "told how the prince slipped at a communist who phoned him in New Zealand, where the youngest son of Queen Elizabeth II is a teacher. The columnist said he called simply to ask Edward how he enjoyed his new life, and got the reply, 'Just what he'll do you think you're doing?' 'You've got a right to ask me that.' But Diana, Princess of Wales made a joke of the attention given to her brother-in-law Andrew, who was best man when she married Prince Charles last year. Arriving

A television movie about the Princess Grace of Monaco, starring Cheryl Ladd, will focus on the death of the princess with a new twist, the producers say. After Princess Grace died of a stroke on Sept. 14, following an automobile accident, it was said, if Embassy Television, which is now proceeding with the project, has the story right, the original planned, will begin with Princess Grace's tea-party and culminate with her wedding to Prince Robert, Marquis de Monaco. Embassy vice president, The film had been 'titled American Princess,' but has now been changed to *Princess Kelly* since the actress who played the role, Broglia said Embassy executives had consulted with the princess family and agreed to observe official mourning period, which ends Dec. 14, except for "any contractual commitments."

The Academy Award-winning actor Basil Dreyfus was a regular seat for his sports coverage in Beverly Hills, California, but faces a drug investigation stemming from the incident. Dreyfus, who plays sculptor paralyzed by a crash in his last movie, "Life Is It Anybody's Business?" at Cedars-Sinai Me-

Alabama, a young band that played for tips just two years ago, topped its rise to stardom by winning the *Entertainer* of the Year award and two other honors from the Country Music Association. The four-piece band from Fort Payne, Alabama, also won Vocal Group of the Year and Instrumental Group of the Year at the 16th

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